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SOUTH AND EAST ASIA REPORT

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TEXT OF TRANSPORT MINISTER'S 6 JUNE BUDGET SPEECH

Dacca THE BANGLADESH OBSERVER in English 8, 9 Jun 80

[8Jun, pp 3, 6]

[Text] Following is the remaining part of the text of railway budget speech of Mr. Abdul Alim, Minister for Railways, Roads, Highways and Road Transport at the Jatiya Sangsad on Friday.

It is known, Sir, to every one that the cost of operation of the Railway in this country is largely dependent on the international price structure. Specially it is directly influenced by any increase in fuel price. I like to mention here that although there was a rise in fuel price in April, 1979, Railway did not propose any fare and freight increase in the Budget for 1979-80. That rise in the price of fuel led to an increased expenditure of Tk. 3 crore 88 lakhs for the Railway operation. After the Parliament passed the 1979-80 Railway Budget there was another rise in the fuel price in the month of November, 1979. This resulted in another additional expenditure of Tk. 3 crore 12 lakhs. These two successive rise in fuel price increased the Railway's operating expenditure by about Tk. 7 crore. I had assured the Parliament that the Railway would be able to absorb the increase in the fuel price that took place in April, 1979 by making an all out effort to reduce its expenditure, but the second rise in fuel price led to an extremely difficult position and this additional expenditure could not be absorbed fully by the Railway in spite of all its efforts. However, the Railway has been able to earn an additional revenue of Tk. 7 crore 85 lakhs by gearing its administration up by introducing long-distance trains and by carrying more goods to longer distances. I would like to mention here that the Government has directed the Railway to set up two committees within its frame work to examine and recommend various ways and means for increasing the railway earnings on the one hand and reduction of expenditure on the other. Time to time evaluation of the Railway's trend of earnings and expenditure by these two committees would enable the railway administration to take necessary measures for earning more revenue and reduce its expenditure.

Apart from this some wastage and other infructuous expenditure which is a common malady in the country as a whole had its impact on the Railway also. Various steps have, however, been taken to see that such wasteful expenditure

as well as all thefts and pilferage are controlled and reduced to minimum. A scheme for re-organising the Railway Nirapatta Bahini has been taken in hand which is likely to be completed by the next year. I am therefore hopeful that wastages, infructuous expenditure as well as thefts and pilferage will be reduced gradually but effectively as hoped for.

Accidents to trains and dacoities in running trains on certain occasions need to be mentioned here also. Some loss of materials and loss of lives have taken place this year as a result of some accidents. But thanks to the mercy of Allah, the number of such accidents during this year is insignificant in comparison with those in the previous years. The Railway has obtained the help of the Village Defence Parties in guarding the Railway track as one of the measures to prevent accidents. Railway Police have been altered to prevent dacoity and other crimes in the Railway. I hope that close co-operation between the Railway, the Police and the traveling public would help in keeping such incidents to the minimum.

The target for earning in the original budget estimate of 1979-80 was fixed at Tk. 84 crore and 61 lakhs and it was estimated that after paying Tk. 3 crore as return on Government investments the Railway would incur a net deficit of Tk. 1 crore 77 lakhs. But apart from facing two successive increases in the fuel price the Railway had to incur substantial amounts of additional expenditure in order to implement the Government decisions for payment of increased medical and conveyance allowance to the employees. Implementation of the order for payment of compensatory allowance has also resulted in additional expenditure. As a result of all these extra financial burdens an additional amount of Tk. 66 lakhs has been paid to employees in the shape of pay and allowances. Besides the rise in the price of Railway spares and other materials in the international as well as in the internal market and repairs to an increased number of carriages and wagons have an impact on an additional expenditure of Tk. 1 crore 39 lakhs in the repairs and maintenance head of the Railway. Due to all these additional expenditure the total working expenses of the Railway would increase by about Tk. 9 crore over the estimated budget expenditure of Tk. 86 crore 38 lakhs for the year 1979-80. This would result in a net deficit of Tk. 2 crore 88 lakhs for the year 1979-80.

Mr. Speaker Sir I have mentioned earlier that Railway has been able to reduce its deficit to a great extent by introducing various measures for reduction in expenditure prevention of ticketless traveling introducing long-distance trains and carrying more goods to longer distances. The Railway has also taken steps to earn additional revenue by licensing out its available land which is not required for its immediate use. With this end in view an 'Estate Department' was set up in the year 1976. This department has now come out with full list of all railway land its present and prospective utilisation and the list of all occupants both authorised and unauthorised of such land. For sometime past the users of railway land have been insisting on a review of the policy of the land-use and a review of the licence fees collected from such lands. A committee was set up in

the last year to go through the whole question. After an examination of the recommendations of that committee the rates for commercial and agricultural lands of the Railway have been refixed on a rational basis. Option to all users of the railway land to regularise their possession by paying all arrear dues by certain dates have been given. Those who fail to avail of this chance will have to be evicted. I hope the Parliament would help me in framing laws to evict all unauthorised occupants of railway land. All these steps would enable the railway to increase its revenue from the Estate Department up to an estimated amount of Tk. 1.5 crore this year.

All the measures mentioned earlier would enable the Railway to earn an additional income of Tk. 7 crore 85 lakhs and thus exceed the estimate of Tk. 84 crore 61 lakhs of the original budget of the year 1979-80 and reaching a target of Tk. 92 crore 46 lakhs. In spite of this additional earning the net deficit would remain at Tk. 2 crore 88 lakhs. This, of course, includes the amount of Tk. 3 crore provided for return on Government investments.

Mr. Speaker, Sir all the deficiencies and lapses of the Railway are known to this august body. Railway administration has not been able to ensure such basic facilities as electricity, fan, water, etc., in all the sections although the main line trains have now been given such facilities. It has been able to supply drinking water at all stations. Waiting-rooms, platform sheds, raised platforms could not be provided everywhere. The business community is not satisfied about the speed with which the Railway carry their merchandise. Delay in transportation of goods traffic has been a cause of annoyance. But steps are being taken to mitigate such deficiencies. As one of the first steps to speed up the goods traffic the Railway has introduced double ramp ferry crossing between Tistamukhghat-Bahadurabadghat last month. This will result in doubling the number of wagons ferried across the river and easing up the freight movement considerably between the eastern and western regions of the country. The Government is determined to ensure that except for unforeseen and unavoidable causes, trains reach their destination within fixed time. In this connection we have to take into consideration the chronic shortage of carriages, wagons and locomotives of this Railway.

I am glad to mention in this august House that till this year the Saidpur Railway Workshop has been able to manufacture 38 M.G. carriages by taking up a project for constructing 40 carriages. The other 2 carriages would also be out from the Workshop very soon. In the same workshop the railway has taken up a project of manufacturing 250 wagons of which 24 have been already built.

Besides 53 B.G. and 28 M.G. passenger carriages under Japanese commodity assistance have been received during this financial year. The balance 19 B.G. carriages are expected to reach next year. Under Danish assistance another 24 M.G. carriages are also expected to be received next year.

Under British Grant 149 B.G. wagons have already been received during this year and the remaining 331 B.G. wagons are expected in the next year.

In addition to these 31 M.G. tank wagons under the same assistance has already been received. Another 406 M.G. wagons under this scheme will be received in the next year. Under Saudi assistance 108 B.G. wagons and 210 M.G. wagons are likely to be received in the next year.

With assistance from the friendly countries the Railway have been able to launch a programme to procure 96 diesel electric locomotives in the near future. By utilising a portion of the Saudi loan an order has been placed on a Japanese firm for 12 B.G. and 18 M.G. Locomotives. There is a bright prospect of receiving all these locomotives by the middle of 1981. Besides 12 B.G. diesel electric locomotives are going to be procured with a Canadian grant. These are scheduled to be received by the end of 1981. The Railway has entered into an agreement with Hungary for the supply of 20 B.G. and 22 M.G. shunting diesel locomotives, 16 B.G. locomotives under this order have already been received and 4 B.G. and 10 M.G. locomotives would reach Bangladesh within this year. The other 12 shunting locomotives will also arrive within the next financial year. Efforts are being made to procure the balance 38 shunting locomotives as early as possible. A project has taken up to re-engine 7 M.G. diesel locomotives with the Canadian assistance. One such locomotive has already been commissioned. Shortage of shunting engines was one of the main reasons for accumulation of wagons and congestion in the marshalling and transshipment yards. I hope, with the successful procurement of all these locomotives it will be possible for the Railway to tackle the accumulation effectively and ensure quicker and faster movement of goods traffic.

Railway has been repairing its locomotives, carriages and wagons in its own workshops. In the last few years there has been some backlog in such repairs which could not be taken up through the Railway's normal repairs programme. A Crash Programme for clearing such backlog has been taken up. As a result some additional locomotives, carriages and wagons have been rehabilitated and put to use.

Mr. Speaker Sir, you are aware that Bangladesh Railway does not have any workshop for heavy repairs of its Diesel Electric Locomotives. It is therefore facing serious difficulties in repairing its older diesel locomotives. This is one of the main reasons of temporary locomotive failures. A project has therefore been taken up with the help of Saudi Development Fund to establish a heavy diesel repairs workshop with an estimated expenditure of Tk. 80 crore. Preliminary work of this project is progressing satisfactorily. We hope to complete the setting up of this workshop within the Second Five-Year Plan period.

Railway has been completely dependent on foreign imports for its carriages, wagons and all their spare parts. To avoid this situation the Government has decided to set up progressively an Assembly-cum-Manufacturing Plant in this country which will be able to build at least 100 passenger carriages and 750 wagons per year. We will set up this plant Inshah Allah, within the Second Five-Year Plan.

Along with the procurement of locomotives, carriages and wagons work of renewal of track, repairs and strengthening of bridges and improvement of signalling and telecommunication facilities are also progressing. The project for renewal of track and rehabilitation of some of the major bridges on the Dacca-Chittagong main line is progressing satisfactorily with the help of Asian Development Bank. Under the same project welded rails are being introduced in Dacca-Chittagong line. This project when completed will enable us to increase the speed of train in this section and improve the safety factor to a great extent. Further a project for rehabilitation of 3 section between Bharrab Bazar-Dewangani Akhaura-Chhattak Bazar and Parbatipur-Khulna will be taken in hand with the help of Canadian assistance.

Government has taken up a Corporate plan for the Railway to be implemented within the Second Five-Year Plan. A team of UNDP-ADB consultants has already prepared a report for this plan which will enable the railway to take up a number of important projects costing of about Tk. 911 crore during the Second Five-Year Plan.

It is estimated that in the last year of the Second Five-Year Plan that is in the year 1984-85 the Railway will be able to carry goods to the tune of 48 lakhs 30 thousand tons as against 31 lakh 84 thousand tons of goods carried in 1978-79. With the increase of goods traffic during the Second Five-Year Plan the capacity of the Railway to carry passengers will also increase appreciably. The Railway has carried 8 crore 98 lakh passengers in 1978-79 whereas it will be able to carry 11 crore 20 lakh passengers in the year 1984-85 that is in the last year of the Second Five-Year Plan. In this plan period the Railway has a programme to complete renewal of 550 miles of its track. The increase in the traffic that the Railway foresees during the Second Five-Year Plan has been taken into consideration in its development programme in such a way as to meet the transport requirement of the increased economic activities in the country arising out of the implementation of such projects as the Joypurhas Lime Stone and Cement Factory, Maddhyapara-Maipukur Hard Rock Extraction Scheme as well as the production of surplus foodgrains after the materialisation of the plan to double the food production in the country. We hope that after the successful completion of the Second Five-Year Plan Bangladesh Railway will emerge as a most dynamic transport organisation in the country which will meet our increasing transport requirements.

Railway operation is dependent not only on materials but also on skilled and experienced railwaymen. For this adequate recruitment selection and training facilities have to be there. Government has already set up a Railway 'Recruitment Bureau' for streamlining the recruitment procedure of the Railway. Steps have already been taken to set up a Training Academy. For immediate training requirement such training centres as existing now, like the Lalmanirhat Traffic Training Centre, Phartali Diesel Training Centre, Chittagong Railway Nirapatta Bahini Training Centre are being reorganised. Apprentice Training Centre at Saidpur, Workshop Drivers Training Centre at Parbatipur and the Accounts Training Centres at Chittagong and Dacca are also functioning smoothly. All these training facilities will be modernised in order to give due importance to training of the staff which it deserves.

Improved Signalling is one of the most important pre-requisites for fast and safe running of trains. Modern Relay-interlocked signalling system has been introduced at some stations while at other stations this is proposed to be introduced as soon as feasible. Double-Wire-Standard-2 interlocking is being introduced in less important sections. Already mechanical signalling at 28 stations on Akhaura section have been converted to double-wire-standard-2 interlocking system. The signalling arrangement at Natore station is being improved. Mechanical interlocking at Santahar Ishurdi and Parbatipur stations are proposed to be replaced with modern Relay-interlocking system. In the Lalmanirhat Division II stations on the Santahar-Bonarpara section are being brought under double-wire-standard-2 interlocking system. Relay-interlocking arrangement is being introduced in Chittagong Junction Cabin, Biska and Shambhugani stations with the help of Asian Development Bank. A plan for VHF telecommunication between Chittagong and the four Division headquarters, the Divisional headquarters and the important major junctions and yards will be taken up. Survey in this regard has already been completed with the UNDP assistance. With all these improvements and modernisation in the telecommunication and signalling system in the railway--increase of speed with additional safety will be possible.

For the facilities of the passengers steps have been taken to improve condition of station buildings, construction of approach roads to platforms and to goods sheds. In this financial year arrangements for improving the water supply at stations like Khulna, Rupsa, East Parbatipur and Kumira has been taken in hand. Work of construction of platform will be completed by about fifty per cent at stations namely Chhatiangram, Nachol Arani Jafarpur, Bagjana, Adamdighi and Syed Ahmed Colelge station. Waiting-rooms are being built for Arani Shamsheernagar and Joypurhat stations. Waiting-rooms for 3rd-class passengers are being built in Mohimagani Charkai and Naldanga stations. Platform sheds are being constructed in Akkelpur, Santahar, Chatmohar, Panchbihi Phulbari, Lalmanirhat Netrokona, Netrokona Court, Kuliarchar and in Noakhali. Foot over bridges are being constructed at Ishurdi and Bheramara stations. I would like to mention here that in order to facilitate the movement of the students of Chittagong University, the Hon'ble President has directed the Bangladesh Railway to construct a new railway line of about 1.5 miles from Chowdhuryhat to the campus of the Chittagong University. The work has already been taken up this year.

In the past we had opened a few 'D' class stations in order to meet public demand. This was done in a hurry. The Railway has now taken up the construction of station buildings at Nizampur on Dinajpur Ruhia section at Anandapur on Feni-Belonja section and at Muraul on the Kulaura-Shahbazpur section. Besides station buildings at Chakarasala and in Khanhat on Dohazari-Chittatong section have also been completed.

The Government is keen on providing all facilities to the users of the Railway. At the same time Government is also trying to solve the problems of the railwaymen and to see that their genuine requirements are given due attention. Provision for recreation allowance for railwaymen has been

made in the next financial year. Problems arising out of pay anomalies are also being looked into and solved. As a part of its welfare activities the Bangladesh Railway runs 9 hospitals, 41 dispensaries and 22 mother-care and child-welfare centres. Provision of Tk. 22 lakhs 53 thousand has been kept for Railway managed and aided schools and colleges. Tk. [figure indistinct] 40 thousand has been provided for the purchase of text-books for the children of the low-paid employees as well as for providing their dietary needs in the hospitals. Tk. 23 lakhs has been paid as premium to Group Insurance Scheme. All these facilities would continue in the next financial year also. Due care has been taken to provide recreational sports and cultural facilities to the employees as well.

Mr. Speaker Sir, I would like to say a few words about the introduction of new trains by the Bangladesh Railway From 1st Baishakh 1387 that is the Bengali New Year's Day Railway has introduced a fast train namely "Karnafully Express" between Dacca-Chittagong in place of "Green Arrow." This train covers the distance in 6 hours 50 minutes. It is hoped that in future the running time of this train will be further reduced. Arrangement has also been made to provide through passenger carriages between Chandpur-Sylhet and between Rajshahi-Khulna. Steam Locomotives in Khulna-Bagerhat section have been replaced with diesel engines. Two pairs of trains have been introduced between Rajbari-Bhatiapara Ghat and Fandpur-Pukharia sections. (To be continued)

[9 Jun, p 3]

[Text] Following is the concluding part of the Railway Budget speech of Mr. Abdul Alim, Minister for Railways, Roads, Highways and Waterways on Friday at the Jatiyo Sangsad.

In spite of its many problems and shortcomings the role which the Railway played in transporting foodgrains from roots to the interior of the country, especially to the Northern region, has been appreciated and acknowledged by all.

I would now place the 1979-80 Revised Estimates and 1980-81 Revenue Budget Estimates before the Parliament.

Revenue Budget

Revised Estimates 1979-80:

This year the original revenue receipt was estimated to be Taka 84 crore 61 lakhs. But from the trend of increase in the earnings the revised revenue earning has been estimated to be Taka 92 crore 46 lakhs. Thus the revised estimates will give an additional revenue of Taka 9 crore 47 lakhs over the actuals of 1978-79 and an additional amount of Taka 7 crore 85 lakhs over the original estimates of 1979-80.

The revenue expenditure has been estimated to be Taka 95 crore 34 lakhs which includes working expenses, provision for DRF and IF, payment of principal and interest on foreign loans, advances to the employees and

Return of Government investment to the tune of Taka 3 crore. This is Taka 8 crore 96 lakhs in excess of the original estimated expenditure of Taka 86 crore 37 lakhs. Although the Railway has been able to earn additional revenue but this could not meet the additional expenditure fully. As a result the revised estimates of this year shows a net deficit of Taka 2 crore 88 lakhs.

Revenue Budget 1980-81

In the year 1980-81 the revenue earning has been estimated to be Taka 95 crore. This is about Taka 2 crore 54 lakhs in excess of this year's revised revenue earnings.

The normal revenue expenditure for the year 1980-81 has been estimated to be Taka 99 crore 85 lakhs which will include working expenses, provision for Depreciation Reserve Fund and Improvement Fund, payment of principal and interest on foreign loans, and loans and advances to the employees. If the amount of Taka 3 crore 15 lakhs as provision on return on Government investment is added to it, the total expenditure of the Railway in the year 1980-81 will be Taka 103 crore. The difference between the proposed expenditure will then result in a net deficit of Taka 8 crore.

As I have mentioned earlier, one of the main reasons of increase in expenditure is the two successive rises in fuel price in 1979. I have shown earlier how the Railway absorbed the first rise of Taka 3 crore 88 lakhs by increasing its earnings and reducing the expenditure, but it could not absorb the impact of the entire Taka 3 crore 12 lakhs which was the result of the second price rise of fuel in the month of November, 1979. Because of ever increasing prices of materials and also due to implementation of Government decision to grant certain benefits to the employees, additional expenditure could not be avoided altogether although constant efforts were made to reduce all extra expenditure to the minimum level possible.

Mr. Speaker, Sir, we all know that the Railway is one of the most important and vital organisations in the communications sector of the country. It runs on commercial basis and is required to meet its expenditure from its earnings. But the earning of the Railway is largely dependent on the general economic condition of the country, on the Trade, Commerce and Industries, in other words, on the total economic activities of the country. It is also dependent on the capability of the people to pay. For this reason only, no passenger, parcel and luggage fare increase has been proposed this year. However, the railway will have to meet the deficit of Taka 8 crore. It is, therefore, proposed to increase the goods tariff of the Railway by 25% from the next financial year (1980-81). I hope, this will meet the financial requirement of the Railway and enable it to earn a surplus of Taka 1 crore 75 lakhs after meeting the net deficit earlier mentioned by me. Steps to use this surplus revenue for providing amenities to the passengers will be taken. Here, I would like to stress that if the price of fuel is increased once again, the Railway may have to increase both passenger fare and goods freight with immediate effect.

Now I would like to place the Development Budget of the Railway before the august House.

Development Budget

Revised Annual Development Programme 1979-80:

In the original ADP of 1979-80 Taka 112 crore 93 lakhs was provided for 28 On-going and 3 New Projects. In the revised ADP of 1979-80 Taka 133 crore 43 lakhs has been provided for 39 On-going and 3 New Projects. I would like here to give the details of a few projects of 1979-80 which have been implemented:--

(c) Renewal of 50 miles of track, welding of 100 miles rails and changing of 550 feet bridge girders have been done by the ADB aided project. Under the same project 14 steam locomotives and 2,250 wagons have been repaired, 1,250 miles of telecommunication wire have been changed and improved signalling in the Chittagong junction Cabun, Biska and Shambhuganj stations have been introduced.

(2) 6 miles of new line from Talma to Pukharia station has been added in the Faridpur Barisal Project.

(c) Double line has been introduced between Mirsarai and Chinki Astana under the Dacca-Chittagong Double Line Project.

(d) Shortage of wooden sleepers has been posing a very big problem to the Railway. Construction of concrete sleepers has, therefore, been taken up and 1,000 number of sleepers have been produced by the Railway under this scheme. These sleepers are now being tested. Besides, steps have been taken to set up a full-fledged manufacturing plant for concrete sleeper.

(e) Modernisation and expansion of Dacca and Parbatipur Diesel Loco Sheds with the Canadian Assistance will be completed this year.

(f) A project for ballasting non-ballasted Sections of the railway has been taken up and 20 miles of ballasting have been completed in this year.

Annual Development Programme 1980-81:

In the ADP of 1980-81 Taka 124 crore 11 lakhs has been provided for 44 projects which include a few new schemes also. Of this amount Taka 66 crore 21 lakhs is Project Aid and the balance of Taka 55 crores 6 lakhs is local currency. The details of these projects have been shown in the Pink Book. I would now like to make a passing reference to a few of these projects. Besides taking up the scheme for assembling carriages and wagons and manufacturing the spares, the Government is also considering construction of new lines. With this end in view feasibility study/construction of the following projects will be taken in hand:--

- (i) Santahar-Rohanpur Railway.
- (ii) Dacca-Aricha Railway.
- (iii) Ishurdi-Nagarbari Railway.
- (iv) Mohanganj-Dharmapasha Railway.
- (v) Khulna-Mongla Railway.
- (vi) Jamalpur-Rangutia Railway.
- (vii) Circular Railway for Dacca City.
- (viii) Railway for Joypurhat Lime-stone and Cement Factory.
- (ix) Transport of Madhyapara-Ranipukur Hardrock Project.

Besides, the feasibility of introducing electric traction between Dacca-Chittatong and Parbatipur-Khulna feasibility of setting up a carriage and wagon manufacturing plant and feasibility study of a Multipurpose Railway barrage complex over the river Jamuna and feasibility study of containerisation of traffic will also be taken up.

Mr Speaker, Sir, as Bangladeshi we are a new nation. But our zeal, our enthusiasm and our patriotism are boundless. In our effort to move forward we have gathered a great deal of experience. The light of that experience illuminates our future path. We will, Insha Allah, be able to implement the Railway's Second Five-Year Plan successfully. Problems and resource constraints were always there in the past—it would be there in the future also. But the Government and the people and the Railwaymen are determined to overcome all these difficulties. We have nothing to be afraid of nor there is any reason for despair. The Railway as well as the nation have crossed many a hurdles. Insha Allah, we will be moving forward from now on. Finally, through you, Mr. Speaker, I will appeal to this august House and to the members of the ever vigilant press to enlighten the people of the country about the failure and lapses of the Railways as well as its genuine problems and achievements. This Government has complete faith in democracy and as I have stated earlier we invite constructive criticisms. Sir, you must have noticed that the steps taken by the Government to remove the inadequacies and lapses of the Railway amply show the honesty, sincerity and good-will of this Government of our Hon'able President we are determined to make this Railway an organisation completely devoted to the service of the nation, specially the people it serves. Insha Allah we will achieve our goal with the help of the public and the Railwaymen. Success will be ours.

'Verily with the Help of Allah success is within our reach.'

Khuda Hafez
Bangladesh Zindabad.

TEXT OF FINANCE MINISTER'S 7 JUNE BUDGET SPEECH

Dacca THE BANGLADESH OBSERVER in English 8, 9 Jun 80

[8 Jun, pp 7, 8]

[Text]

MR. SPEAKER, SIR,

I rise to present before Parliament the Revised Budget for 1979-80 and the proposed Budget for 1980-81.

The Economy in 1979-80 :

2. Before I discuss the current year's Revised Budget, I intend to review the economic situation during the year.

3. This has been a year of several challenges to our national economy. Some of these economic challenges were of a totally internal nature, and some arose principally from the present world economic situation. The initiative and dynamism displayed by our people, their representatives and the administrative machinery in response to these challenges clearly show that our relatively young machinery of State has now attained a strength characteristic of a long established one.

4. I will start with the internal economic developments. The first challenge of the year came as a sequel to the food deficit arising from last year's prolonged drought. In order to counteract this, Government, while arranging substantial imports of foodgrains under foreign aid agreements as well as with our own resources, also took up during the current year several intensive programmes for the production of foodgrains.

5. Following the acceleration of import arrangements, a total of about nineteen lakh tons of foodgrains reached the ports of Chittagong and Chalna during the six-month period from July to December in 1979 the arrivals during the quarter July to September adding up to thirteen and a half lakh tons. During these three months, the average quantity unloaded every month and forwarded inland exceeded four lakh tons. In order to be able to accomplish the complex task of importing and moving to the interior of the country—a quantity of foodgrains in excess of a whole year's usual import, the Government of Bangladesh had to concentrate earnestly on a wide range of responsibilities. The Hon'ble Members of the House are aware that the whole operation was successfully conducted on a war footing. Inspiration and

guidance were provided from the highest level of the State machinery and the difficult task was accomplished through a close cooperation between the civil and military authorities. The task would be a very difficult one for any country with such limited port and transportation facilities as those of Bangladesh. It was difficult for us too. By God's grace, we were not found lacking in the initiative and drive required of us. In the second half of the current financial year also, the import of a further quantity of around eight and a half lakh tons of foodgrains under foreign assistance as well as with our own resources has been arranged, so as to ensure the proper management of the public distribution system and the maintenance of an adequate stock of foodgrains.

6. While ensuring the efficient management of the import and transportation of foodgrains, Government also took up a special programme for the intensive cultivation of transplanted Aman paddy this year. This was followed by similar programmes for the wheat and Boro paddy crops. Special care was taken to ensure an adequate supply of irrigation water, fertilizer and bank credit for all the three programmes. Government procurement prices for paddy, rice and wheat were also substantially raised in order to provide incentives towards the adoption of high-yielding crop varieties and associated practices. Later, an attack of crop pests and a spell of drought in autumn affected grain formation in the transplanted Aman crop. Earlier, last year's prolonged drought had also partly affected the Aush and broadcast Aman crops. By God's grace, on the other hand, we have reaped the full benefit of our special effort in this year's wheat crop and will do the same in the Boro crop too. This year's wheat crop is estimated at twelve lakh tons—two and a half times larger than last year's. The output of Boro rice is expected to reach the level of twenty-five lakh tons—three lakh tons higher than last year's. The present estimate of this year's output of foodgrains including wheat exceeds 133 lakh tons.

7. Mr. Speaker, Sir, Bangladesh is engaged in a long-term endeavour to bring about basic structural changes in her economy. Many of the special steps taken towards increasing agricultural output this year will also make lasting and valuable contributions to our future effort in this direction. The most important of these steps is the canal-digging programme based on voluntary labour. The Hon'ble Members of the House will recall that this programme was inaugurated by the Hon'ble President on the 1st of December last year. It is aimed at increasing the area and productivity of cultivated land during the dry season through an increase in the supply of irrigation water from rivers through new or re-excavated canals. Pumps for raising irrigation water from the canals will be supplied by Government free of cost, and the farmers will use them on a co-operative basis.

8. The initial target was that of at least one canal in every sub-division. The growing volume of popular response and enthusiasm subsequently increased the scope of the programme manifold. Eventually, the excavation or re-excavation of two hundred and fifty canals with a projected length of about nine hundred miles, and an estimated irrigation potential of eight lakh acres has been undertaken this year. By the middle of May, one hundred and thirty canals were completed and, the flow of water through them commenced. Their total length adds up to four hundred and fifty-five miles and it will be possible to irrigate an estimated additional area of four lakh acres through these canals.

9. The immediate objective of this unique programme is, of course, an increase in the production of foodgrains through an increase in irrigated area. But it has a far deeper and wider significance for our society and our national economy. In this connection, I would draw the attention of the Hon'ble Members of the House to several points:

- This programme offers the best example of the large scale use of our most abundant resource, manpower, by the people themselves in the service of the people. Through this programme, while an enormous idle force directs itself towards productive work, it also simultaneously reduces pressure on our other scarce resources such as machinery and finances and releases them for other projects calling for financial resources and capital machinery.
- This programme effectively demonstrates to the people the feasibility of accomplishing local objectives through local effort. This enhances their self-confidence, improves their attitude to work and inspires them in their cooperative effort.
- This programme strengthens cooperation among the rural masses, local self-Government authorities and Government officials.

10. The unique experience of the canal-digging programme based on voluntary labour clearly shows how vast is the potential energy of our rural masses awaiting release. If this energy is to be harnessed, they must be given responsibility as well as authority relating to their work. The concept of 'Swarnivar Gram Sarkar' (Self-reliant Village Government) is based on this simple truth. The Hon'ble Members of the House are aware of the steps taken by Government for setting up 'Gram Sarkars' at all the villages of Bangladesh in the course of the next few months. The long-standing obstacles which have hampered the realization of our people's massive potential for work are the lack of organization among the people and the absence of concrete programmes within their reach. The 'Swarnivar Gram Sarkar' aims at removing these handicaps, so as to ensure the proper use of local resources and manpower. The subjects to which the Gram Sarkar will give special attention at the very outset include the food production drive, family planning, mass education and the maintenance of peace and order. For the purpose of the development effort at the national as well as the local level, all these subjects are linked together. By gradually building up the Village Defence Parties during the last four years,

Government has created the basic machinery for the implementation of programmes in these areas at the village level. They have already displayed an admirable initiative in the canal-digging programme and the mass literacy campaign, apart from the maintenance of peace and order. Improved arrangements initiated this year for training them in development work will enhance their efficiency. An important aim of the Government's development policy is to change the scope as well as character of the overall development effort of the nation through the active and democratic leadership provided by the Gram Sarkar and the exemplary devotion to duty displayed by the Village Defence Parties.

11. After the food situation at the outset, the second internal challenge of the year came on the raw jute market. This year's carryover stock of raw jute was relatively higher because of last year's record production. Moreover, in the current year's crop, the

proportion of low grade jute was fairly significant owing to drought in the sowing season and because of inadequate availability of water for retting at many places. Excess stock from last year's production and the relatively higher proportion of low grade jute in this year's crop combined to depress prices in the internal market. As a result there was a significant fall in prices at the farmer's level and in the income of the jute growers. In order to meet this adverse situation two urgent measures were simultaneously adopted: 50 per cent enhancement of bank credit limit for the private jute traders aimed at increasing their buying propensity and purchasing power and the simultaneous introduction of a Buffer Stock Scheme with additional bank accommodation of Tk.30 crores, to finance the purchase of larger quantities of low grade jute through the public sector jute trading organizations. Even though this did put an upward pressure on credit and money supply, these measures were essential for protecting the stability of jute prices, the interests of the jute farmers, and the incentives for jute cultivation. In the world today, it is difficult to stabilize the price of jute, as of other primary commodities traded in the international market, through any effort at the purely national level. The fundamental solution to this problem would ultimately depend on the introduction of a permanent buffer stocking scheme on the basis of international agreement and global financing. Meanwhile, however, all possible measures at the national level will be taken.

12. In parallel with the build-up of jute stocks this year with the traders and in the godowns of the public sector trading organizations because of the preponderance of low-grade jute and the buffer stock scheme, there was also a decline in demand abroad and export prices. In order to accelerate the export of accumulated stocks, the indication of minimum export prices for BWD and lower grades was temporarily discontinued in March. Following this, significant quantities of accumulated stocks have since been exported, and more exports are expected.

13. Another economic challenge of the year has been the price inflation which Bangladesh has been experiencing for some time past along with the rest of the world. As measured by the Dacca middle class cost-of-living index, the average consumer price index during the first half of the current financial year stood at 553 as against an average of 478.9 in the corresponding part of the previous financial year, giving an average annual inflation rate of 15.5% for the period July—December, 1979. This accelerated to an average twelve-month rate of 16.8% during the quarter January—March, 1980. It has since dropped to 14.6% in the month of April, but this single month cannot yet be taken as an indicator of a definite trend. The rates of price inflation in Bangladesh are, however, still significantly lower than those in many other comparable developing countries. For instance, the average annual inflation rate for the group of low-income countries with per capita incomes and other characteristics comparable to those of Bangladesh, stood at about 20% in 1979. The inflationary pressure in other oil-importing developing countries has been even higher.

14. I am not referring to these higher inflationary pressures in other countries in a spirit of complacency, but only in order to set the phenomenon of inflation in its world perspective. Like other countries in the world to-day, Bangladesh has an inflation problem, underlying which there is a complex interrelationship of various domestic and external factors. A rise in aggregate demand pressures vis-a-vis output growth, various supply constraints, and imported inflation arising from higher prices of manufactures and oil beyond our control—all these have been jointly at work here.

15. Government has been following a counter-inflationary policy with two major planks--the moderation of monetary growth as well as domestic credit expansion and the continuous easing of supply constraints. During the current financial year, the annual rate of monetary expansion has come down from the high level of over 23% at end-June, 1979 to less than 20% at end-April 1980. Domestic credit expansion, however, has shown higher rates mainly because of essential credit requirements for the stimulation of the sagging raw jute market earlier mentioned, and the impact of rapidly rising oil prices. It is not easy to counteract adverse developments of such magnitude and severity as quickly as they arise in today's uncertain world. However, balancing measures aimed at judicious limitations on bank credit for other sectors were taken following the unavoidable credit expansion arising from these uncontrollable factors. A vigilant and studied control of credit and monetary expansion will be continued with greater emphasis.

16. On the supply side of the economy, measures were taken for simultaneously stepping up domestic production as well as the import of essential consumer items and raw materials. I have earlier referred to this year's intensive food production programmes and their positive results. In imports also, the strongest emphasis has been on the key item of foodgrains, which I have dealt with earlier. In addition, to protect the smooth flow of the import of other essential raw materials and commodities, including crucially important oil products, the cash foreign exchange allocation under the import policy was enhanced during the year by more than Tk. 350 crores. The Wage Earners' Scheme has also been used as a flexible instrument of supply management, as in the past, by extending its scope to certain essential items temporarily in short supply, such as sugar and edible oil. During the last several years, substantial quantities of raw materials, spare parts and consumer items have been imported under this scheme. These imports contributed substantially to the stabilization of prices and the utilization of industrial capacity. But it has also been observed that those who receive, through the operation of this scheme, the proceeds of income earned abroad often use it only for the purchase of land and similar unproductive purposes. This is not desirable, Government is, therefore, considering constructive measures aimed at providing incentives for the production investment of these proceeds.

17. There is no short-term domestic remedy for the pressure on prices resulting from the increase in the international prices of imported machinery, raw materials and consumer goods. The solution of this problem will depend upon the improvement of the world economic situation, the reform of the international economic order, and the improvement of the volume, scope and diversity of our national output. Bangladesh is, and will continue to be, intimately involved in international deliberations and effort in these areas.

18. Mr. Speaker, Sir, this year also, as during the last four years, the various agencies in the public and private sectors functionally involved in our export drive have stepped up their export promotion effort. As

against this year's target of Tk.1,100 crores, exports during the ten months up to end-April have exceeded Tk.960 crores and it is expected that if present trends continue, the target may be exceeded by the end of the year. But even though the target may be exceeded in nominal terms, the relative value of our export earnings would nevertheless be lower than it was last year. This is because while there has been an increase of 18 per cent in the average prices of our exports, on the average we have to pay 30 per cent more for our imports. A great many developing countries are facing similar adverse trends in their terms of trade. It is not possible to find a solution to this problem at a purely national level. Till such time as a basic reform and restructuring of the international monetary system and global trade relations are brought about, there may be variations in the intensity of this problem but its long-term trend will not automatically shift in favour of the developing countries. In a search for a solution to this problem, and in an effort to improve the position of the developing countries in the sphere of international trade, Bangladesh has been actively participating in the deliberations on these matters at various international forums. Bangladesh played a leading role in the formulation and adoption of the New Programme of Action for meeting the development needs of the least Developed Countries, at the UNCTAD-V Conference held in Manila in 1979. Bangladesh has also been playing an active role at the current negotiations under the auspices of the UNCTAD for the establishment of a Common Fund. We are deeply interested in all the objectives of the Common Fund--international price stabilization of export commodities of special interest to developing countries, as well as the institution of research and development programmes for these commodities. Accordingly, we are engaged jointly with other developing countries in a search for appropriate decisions on these issues at the international level.

19. In the sphere of industrial production this year, the position of jute manufactures needs to be discussed first. I have already mentioned that the production of jute goods had been hampered by the problems of power supply and industrial action. Against the production target of 5.80 lakh tons, the actual production of jute goods may be around 5.40 lakh tons this year. This quantity, though [word indistinct] tons below the target for this year, is in fact about 40,000 tons higher than last year's actual output. Despite the shortfall from the target in terms of volume, the Jute Mills Corporations' income and their overall financial performances this year will far exceed the earlier estimates, because of better export prices and improved operational efficiency. Mr. Speaker, Sir, it is gratifying for all of us that our jute industry, after its long journey through the hardless of the past, will achieve a significant profit-level this year and its contribution to the country's foreign exchange earnings will also exceed past levels. Along with the workers and management of the jute industry, all of us can take pride in this achievement. While extending our sincerest congratulations to them, we may reasonably expect that they will help build a golden future for their organization as well as the national economy, through enhanced single-minded devotion to their work.

20. Among other industrial items, the production of steel and chemical products and materials has been fairly satisfactory. Sugar and cement production has, however, been hampered mainly by the shortage of raw materials.

21. In the Construction sector, because of a temporary shortage in cement supplies during the early part of the year, some deceleration of building activities were noticed. However, this disappeared later.

22. On current estimates, taking account of the performance of all the sectors of the economy, Gross Domestic Product (GDP) in 1979-80 is expected to be about 6.1 per cent higher than that of last year. In the Agriculture sector, the rate of growth is estimated at 4.2%, in Manufacturing at 9.3%, and in Construction at 18%. The other sectors taken together indicate a growth rate of 6.7%. As with the inflation rates, the rate of growth of our GDP could perhaps also be seen in the context of growth rates registered in the economies of comparable developing countries. In the non-oil producing developing countries, the average rate of economic growth in 1979 stood at 4.6%, while the low-income developing countries comparable to Bangladesh in many respects which I referred to earlier had an average growth rate of 2.2% in 1979.

Revised Budget, 1979-80.

MR. SPEAKER, SIR,

23. I will now present and briefly discuss the Revised Budget Estimates for 1979-80.

24. In the current year's Budget, total revenue receipts were placed at Tk. 1812 crores. This included estimated tax receipts of Tk. 1424 crores and non-tax receipts of Tk. 388 crores. In the Revised Estimates, tax receipts have been placed lower at Tk. 1407 crores. The main tax head which shows a decrease, is Excise Duty, the revised estimate for which stands at Tk. 270 crores, as against the Budget Estimate of Tk. 294 crores. The principal reason for the shortfall in receipts under this head is the reduced collection on cement and natural gas. Reflecting some decline in the imports of dutiable items, revised estimates under Customs Duty have been placed at Tk. 650 crores—Tk. 5 crores less than in the Budget Estimates. Receipts under Income Tax and Land Revenue remain at the same level as in the original Budget. In the Revised Estimates receipts under Sales Tax have increased by Tk. 9 crores over the original Budget estimate to Tk. 270 crores. Revised Estimates under other minor heads have shown some increases.

25. Among the non-tax receipts which show increases in the Revised Estimates, railways, interest and Currency deserve special mention. Revised Estimates for railway receipts stand at Tk. 92 crores, showing an increase of Tk. 7 crores over the original Budget Estimates. Revised Estimates on account of interest show an increase of Tk. 11 crores over the original Budget Estimates of Tk. 110 crores. Under Currency, Revised Estimates stand at Tk. 62 crores as against Tk. 37 crores in the original Budget. This includes Tk. 46 crores from the Bangladesh Bank's profits, Tk. 7 crores from the Nationalised Banks' profits and Tk. 9 crores of other receipts. Net receipts of Telephone and Telegraph and profits of nationalised industries have shown decreases. Under T & T net receipts, Revised Estimates stand at

Tk. 9 crores as against Tk. 14 crores in the original Budget and the Revised Estimates for profits of nationalised industries stand at Tk. 17 crores as against Tk. 35 crores in the original Budget. After taking into account decreases and increases under various heads, the total estimates for non-tax receipts in the Revised Budget exceeds that in the original Budget by Tk. 32 crores.

26. In the Original Budget, expenditure on revenue account was estimated at Tk. 1194 crores. In the Revised Estimate revenue expenditure has been placed at Tk. 1342 crores—Tk. 148 crores higher than that in the Original Budget. More than half of this increase in expenditure relates to subsidy to the Food Account. Because of a higher proportion of foodgrains purchased with our own resources in the sales through the rationing system, the estimate of cash losses on account of this operation has gone up to Tk. 165 crores in the Revised Budget as against Tk. 89 crores in the Original Budget. Revised Estimates of revenue expenditure under other heads also show some increases owing to various post-Budget developments, such as the rise in oil prices, increases in medical and conveyance allowances given to the Government employees and additional allocations for various essential requirements.

27. On the basis of Revised Estimates of receipts and expenditure, the revenue surplus has been estimated at Tk. 486 crores, as against Tk. 618 crores in the Budget Estimates.

28. Net expenditure on non-development (domestic) capital account was estimated at a little over Tk. 70 crores in the original Budget. In the Revised Estimates the net expenditure on this account has remained at the same level. On this basis, the Revised Estimate for the total domestic resources available from budgetary sources for financing the Annual Development Programme works out to Tk. 415 crores as against Tk. 548 crores in the original Budget. Taking into account one autonomous body's own surplus, unspent balances of development funds available with some autonomous bodies, and financing through debentures to be issued by some of them, the total estimate of domestic financing for the revised Annual Development Programme amounts to Tk. 468 crores.

29. In the Revised Budget, external resources for financing the Annual Development Programme, comprising receipts of Project Aid, non-project assistance and counterpart funds generated through food assistance, have been estimated at Tk. 1444 crores, as against Tk. 1511 crores in the Original Budget.

30. In the Original Budget, the provision for the Annual Development Programme was placed at Tk. 2070 crores. The possibility of an increase in project aid disbursements emerged as a post-Budget development. The need for and the potential for expanded programmes in some of the sectors like agriculture, irrigation, natural resources, power, transport, etc., were also perceived. Considering these developments, the size of the Annual Development Programme was revised upward to Tk. 2330 crores in the second half of the year. Earlier, difficulties in the supply of cement had partly affected project implementation during the first part of the year. The latest position indicates that a sizeable portion of the higher allocation in the revised Annual Development Programme of Tk. 2330 crores may remain unspent.

The foodgrains distributed as wages for various projects under the Food for Work Programme outside the Annual Development Programme has been valued at Tk. 97 crores in the Revised Budget, as against Tk. 54 crores in the Original Budget.

The Overall Framework for the Budget for 1980-81 :

MR. SPEAKER, SIR,

31. The next financial year will be the first year of our Second Five Year Plan. The elements of overall development policy aimed at a total transformation of the socio-economic structure which the Government has been initiating over the last four years, will be fused together, enriched further with various other new elements, and fully developed through the forthcoming Five Year Plan. The draft Plan was released some time back for countrywide discussion and analysis. It will take its final shape after comprehensive discussion and deliberations on its objectives, its strategy and the details of the projects contemplated in it. This Plan is not just a blueprint for conventional economic growth. It is the first step towards a radical transformation of the condition and role of our deprived country and our poverty-stricken people. Its contents are so profound and comprehensive that a discussion on all its objectives, programmes and strategies would involve a discussion on nearly all aspects of life itself. While presenting the Budget and the Annual Development Programme for the next year against the background of the Second Five Year Plan, I will draw the attention of the Hon'ble Members of the House only to a few basic issues.

MR. SPEAKER, SIR,

32. I cannot project the most important issues of the Second Five Year Plan more clearly than the manner in which they already stand reflected in Article 16 of the Constitution of the People's Republic of Bangladesh. May I have your permission, Sir, to quote this Article of our Constitution:

"The State shall adopt effective measures to bring about a radical transformation in the rural areas through the promotion of an agricultural revolution, the provision of rural electrification, the development of cottage and other industries, and the improvement of education, communications and public health in those areas, so as progressively to remove the disparity in the standards of living between the urban and the rural areas."

33. As I submitted some time back, our Second Five Year Plan is not just a blueprint for economic growth. But it is also self-evident that without economic growth neither an agricultural revolution, nor the removal of the disparity in the standards of living between the urban and the rural areas, nor a radical transformation in the rural areas is feasible. In point of fact, economic growth is inherent in the investment and current output required for the attainment of these objectives. But economic growth alone will not lead to a radical transformation of the rural areas. Our aims certainly include economic growth, but it will be growth with a difference. A development strategy aiming only at conventional economic growth leads to the emergence of a few large cities and industrial centres as the main arenas of economic activity, as it has happened in our country hitherto. The assumption is that the rural masses will gravitate towards this handful of cities, receive their share of a growing volume of output by way of salaries and wages, and thus improve

their lot. The whole process, in short, is one of drawing the rural masses to a handful of urban development centres. Our experience during the last several years is that a true development process does not quite work that way. We, therefore, now intend to move the development process towards the people instead of drawing the rural masses towards the development process. With all her joys and her sorrows, Bangladesh lives in her sixty-eight thousand villages. For the economic development of Bangladesh, the focus of resources, human endeavour and organizational drive has to be shifted anew towards the countryside, towards the rural masses, and their latent energies have to be released. It is only through the conscious and happy co-operation of the rural masses that this goal can be attained. In order to build up the organizational framework required for this, Government has been strengthening the institutions of local self-government during the last several years and has also taken various measures for bringing the machinery of administration closer to the people. The institutions of local self-government reflect the aspirations and needs of the people at the grassroots level and the integration and fusion of these aspirations at successive levels lead to the formulation of the national plan. The most significant development in this area is the recent step towards the establishment of "Swanirvar Gram Sarkar" ("self-reliant Rural Government"). I have referred to this development earlier in my speech. I have also discussed the canal-digging programme based on voluntary labour—the finest demonstration of how much can be achieved when the development process is moved towards the people and they are given an opportunity to work for themselves.

34. The radical transformation of the countryside is a comprehensive and many-sided process. It embraces revolutionary improvements in the agricultural production process and the volume of agricultural output, in the level of nutrition and of public health, in mass education, and in communications. None of these tasks is less important than the others and they cannot be arranged in a rigid order of priority, because progress in each of these areas is intimately linked with success or failure in the other areas. Since, however, production is the key to prosperity, agricultural production will be the most important element in the programme of rural development and the production of foodgrains will be the most vital element in agricultural production. The doubling of food production is now a major national aim for us. Along with the increase of foodgrains production, quantitative and qualitative improvements in sugary, jute cultivation, the production of pulses and oil seeds, forestry, livestock and cotton cultivation will also constitute very important elements of the overall agricultural programme.

35. A new approach in the field of agricultural development deserves special mention. This relates to the effort now under way for the preparation of projects for agricultural production and rural development in the light of regional requirements and characteristics. The regional approach in project preparation is not a purely procedural matter. The essence of this approach lies in the substantial variations among different regions of the country in soil composition, climate, requirements for different types of fertilizers, comparative

advantages in the production of various agricultural commodities and similar other variables. The best results can be obtained through a production strategy based on a recognition of these regional characteristics. Another important fact with a bearing on this matter is that the geographical characteristics and the communication system of our country are such that the regional decentralization of storage facilities, workshop facilities for the repair and maintenance of irrigation equipments, arrangements for the transportation of agricultural inputs and produces and similar other facilities yields the maximum economy in time and costs. The regional approach in agricultural and rural development planning is thus based upon a recognition of the diversity of production potential among different regions, and the utility of decentralization. Considerable progress has already been made in evolving a medium-term food production plan based on this approach in the light of national and international experience in this field. A wider application of the regional approach to project planning in such areas as the production of various other agricultural commodities, cottage industries and agrobased small industries may be expected.

36. A principal aim of the rural development efforts will be to create the widest possible scope for income distribution through the provision of productive employment opportunities for all. In fact, the organizational and technical characteristics of the rural development effort are such that the scope for a wider income distribution among the people is inherent in all its aspects. In order to realise this potential properly, measures for more comprehensive mass education, technical training, and a fuller development of human resources will also be taken, because our aim is to create opportunities for truly productive employment for the masses. A very important feature of our plan is to provide necessary training to the rural masses with this end in view and thus enhance their skill.

37. The creation of productive employment opportunities for the masses on a wide scale through the rural development effort is at once a means for stepping up output and a step towards an equitable distribution of income. Considered from one point of view, in the circumstances of our country a move towards the removal of the disparity between the standards of living in the cities and the countryside is essentially a move towards the elimination of poverty and inequality, a move for the establishment of social justice. That is why the objectives of the reduction of poverty and the rural development effort have been dealt with together in our Second Five Year Plan. The effort for the establishment of social justice involves the whole of our country and our society—it cannot be confined exclusively to either the urban or the rural area. The equitable distribution of wealth, income and opportunities for self-development among the people in both the urban and rural areas, aimed at the establishment of the social justice, is a major element in our development strategy. We believe that a society which fails to provide to its weaker and poorer sections opportunities for the attainment of strength and prosperity, similarly fails to protect its more prosperous sections too. Such a society eventually fails to survive.

38. Without a continuous improvement in public health, the masses cannot participate effectively in the development process and they also cannot have any capacity for enjoying the fruits of development, and economic development loses all meaning for them. The

place of the public health programme in our Five Year Plan is thus a very important one, and Family Planning and Population Control, whose importance for our society and our national economy does not need to be explained afresh, has a similar position. During the Second Five Year Plan, the Population Control and Health Programmes at the Thana level and below will be implemented through an integrated organisation. We believe that this will bring about a qualitative improvement in the implementation of both the programmes.

39. I have dwelt at some length on the rural development strategy of the Second Five Year Plan because the essence of the principal objective of the Plan—the reduction of poverty—lies in this strategy. This of course does not imply that the Plan does not envisage necessary investments in industry and allied sectors. Balanced development outlays in industry and many other allied sectors, such as natural resources, power, and transport are indispensable for the development of the agricultural sector and the rural areas as well as of the country as a whole. The Second Five Year Plan has been prepared with a full recognition of this fact.

40. Both the public and the private sectors will have important roles to play in industrial development. The establishment and operation of capital-intensive projects with long gestation periods and requiring sophisticated technology will mainly rest with the public sector. But it has also been clearly established that alongside the public sector, the private sector also has a very important and useful role to play. In the years immediately following Independence, opportunities for private entrepreneurs were limited. During the last four years, they have been given the opportunity to play an appropriate role in the economy of the country and they have also been provided with the necessary incentives through various monetary and fiscal measures. The results of this policy have been very encouraging. The industrial and commercial enterprises in the private sector have shown remarkable dynamism and managerial efficiency. The prompt and speedy utilization of investment allocations in the private sector under the Two Year Plan indicates that in future the private sector will be able to play a bigger role in the economic development of the country. Keeping this potential in view, the Second Five Year Plan envisages a total development outlay of about taka five and a half thousand crores in the private sector. A basic policy objective in the private sector has, however, always to be kept in view. We do not want a dehumanised private sector with an ugly face. We want a conscientious efficient and dynamic private sector devoted to the needs of the people and intimately involved in the fulfilment of these needs. I believe that it is only through a close cooperation between such a private sector and the public sector that the full development potential of the nation can be realised and the equity and balance of society ensured by combining private enterprise with the public interest. The private sector will thus have to play its role within the frame-work of social justice.

The Budget and the Annual Development Programme for 1980-81

MR. SPEAKER, SIR,

41. Before I discuss the Budget and the Annual Development Programme for 1980-81, I want to apprise the Hon'ble Members of the House of the next year's target for the growth of the Gross Domestic Product (G.D.P.). The overall growth target for 1980-81 is 7.6 percent. The various sectoral growth targets are: Agriculture—7.2 percent, Industry—9 percent, Construction—14 percent and other sectors—7 percent.

42. The estimate for total tax receipts in the next year's Budget on the basis of existing taxes has been placed at Tk. 1673 crores, higher by Tk. 266 crores than the Revised Estimates for the current year. Customs receipts are expected to go up to Tk. 769 crores from the level of Tk. 650 crores in the revised Budget mainly on the basis of higher imports of dutiable goods. On the basis of an increase in the production of industrial goods, receipts under Excise Duty have been estimated at Tk. 345 crores, as against Tk. 270 crores in the Revised Estimates. The receipts under Income Tax have been estimated at Tk. 220 crores as against Tk. 176 crores in the Revised Budget, and receipts under Sales Tax have been placed at Tk. 297 crores as against Tk. 270 crores in the Revised Estimates. In all these major tax receipts, further improvements in tax administration are expected to make a significant contribution to higher receipts.

43. Total Non-tax receipts have been estimated at Tk. 521 crores in the next year's Budget, higher by Tk. 100 crores than in the Revised Budget. Among the Heads under which receipts are expected to increase significantly, Interest and the Profits of Nationalized Industries deserve special mention. Interest receipts are expected to go up from Tk. 171 crores in the Revised Budget to Tk. 140 crores in the next Budget and profits of nationalized industries have been placed at Tk. 92 crores in the next year's Budget Estimate, as against Tk. 17 crores in the Revised Estimates. The increase in receipts from nationalized industries deserves special attention. The principal underlying factor in this is the profit of the Jute Mills Corporation for the current year, which I have mentioned earlier. This accounts for Tk. 50 crores out of the total estimated receipts of Tk. 92 crores from nationalized industries. The minimum estimated profit of the Jute Mills Corporation during the current year is about Tk. 59 crores. It has been estimated that after allowing for some retained earnings from this profit, the Jute Mills Corporation will be able to contribute at least Tk. 50 crores to the exchequer. Substantial contributions to the exchequer from several other public sector Corporations have also been estimated. These include the Bangladesh Chemical Industries Corporation, the Steel and Engineering Corporation, the Sugar and Food Industries Corporation, the Sadharan Bima Corporation, the Trading Corporation of Bangladesh, the Titas Gas Company, and Bangladesh Gas Fields. The estimates are based on an analysis of their overall performance. Specific steps have been taken for a further improvement of the operations of the Public Sector Corporations and further steps will be taken in this direction. Their profitability will be enhanced by continuously controlling their production costs and pricing their products on a commercial basis.

44. The estimate of revenue expenditure in the next year's Budget stands at Tk. 1408 crores,—5 percent higher than that in the Revised Budget for the current year. Two major facts would emerge from a detailed comparison between the estimates in the Revised Budget with those in the next year's Budget. The first noticeable fact is that the estimate for food subsidy in the next year's Budget stands at Tk. 114 crores—Tk. 51 crores less than that in the Revised Budget. This is because of the reduction in subsidy on rice and wheat sold through the rationing system effected in the month of May this year. Another noticeable feature of the Revenue Budget is that the provisions under a good many Heads such as Agriculture, Health and Family Planning, Livestock, Education, and Information contain substantial allocations for meeting the operating costs of newly completed development projects. The total provision for this purpose in the next year's Budget amounts to around Tk. 32 crores. As more and more projects are completed in future years, the need for gradually increasing the provision for revenue expenditure on this account will arise, and we must be prepared for this.

45. The provisions proposed under all the heads in the Revenue Budget are based on minimum requirements for the purpose of enabling the various departments concerned to discharge their responsibilities. The aim has been to maximise the revenue surplus by restraining revenue expenditure as far as practicable.

46. On the basis of total estimated receipts of Tk. 2193 crores and the total expenditure of Tk. 1408 crores, the estimated revenue surplus for 1980-81 amounts to Tk. 785 crores.

47. The next year's non-development capital Budget includes a lump provision of Tk. 70 crores for the improvement of the capital structure of the Textile Mills Corporation, the Jute Mills Corporation and other autonomous bodies. After taking account of various capital receipts, the estimated net expenditure in the non-development Capital Budget stands at Tk. 31 crores. After meeting this net expenditure of Tk. 31 crores out of the revenue surplus of Tk. 785 crores on the basis of existing taxes, the surplus from the Government Budget available for financing the Annual Development Programme would amount to Tk. 755 crores. Some projects in the next year's Annual Development Programme will be financed to the extent of Tk. 25 crores through debentures issued by the Corporations concerned. In addition, the Chittagong Port Trust and Petrobangla will finance their own projects to the extent of Tk. 13 crores. The total domestic financing for the next year's Annual Development Programme would thus amount to Tk. 793 crores.

48. In the next year's Budget, the estimate for project assistance from abroad stands at about Tk. 980 crores, the estimate for counterpart funds from non-project assistance has been placed at Tk. 760 crores, and net cash generation through food assistance of various kinds has been estimated at Tk. 37 crores. The total estimate for external financing for the Annual Development Programme thus amounts to Tk. 1797 crores.

Tax proposals

A—Customs Duty:

1. (a) Duty on synthetic and mixed fabrics has been proposed to be made uniform at 225% from the existing 250% and 200% respectively. +
- (b) Duty on cotton fabrics of below 21 counts, of 21 counts and above but below 48 counts and of 48 counts and above has been proposed to be enhanced from 20%, 50% and 125% to 30%, 75% and 150% respectively.
- (c) Duty on woollen clothes has been proposed to be enhanced from 150% to 200%.
- (d) Tariff value of cotton fabrics has been proposed to be enhanced by 25%.
- (e) Present tariff value of fents has been proposed to be reduced from Taka 110.00 and Taka 84.00 per kg. to Tk. 55.00 and Tk. 42.00 respectively. (+Taka 10 crore 43 lakhs).
2. Duty on second hand clothings has been proposed to be rationalised and fixed at 50% from the existing 40%, 50% and 75%. (—Taka 75 lakhs).
3. (a) Duty on cotton yarn of below 60 counts and of 60 counts and above has been proposed to be reduced from existing 30% and 40% to 25% and 35% respectively.
- (b) Duty on cotton yarn of below 60 counts imported under XPL has been proposed to be enhanced from 10% to 25%. (+Taka 1.00 crore).
4. Duty on raw-cotton has been proposed to be reduced from 55 pousha per lb. to 45 pousha per lb. (—Taka 1 crore 50 lakhs).
5. Duty on nylon yarn, twine, rope, etc. imported under normal licence and WES has been proposed to be enhanced from 30% and 25% to 60% and 35% respectively. (+Taka 2 crore 57 lakhs).
6. Duty on buttons imported under WES has been proposed to be enhanced from 75% to 100%. (+Taka 10 lakhs).
7. Duty on trucks and buses imported under WES in built-up and CKD condition has been proposed to be reduced from 25% and 30% to 20% and 10% respectively. (—Taka 38 lakhs).
8. Duty on cars of above 850 c.c. has been proposed to be enhanced from 50%, 110%, 150% and 200% to 75%, 125%, 175% and 250%, respectively depending on engine capacity. (+Taka 1 crore 9 lakhs).
9. Duty on domestic air-conditioner has been proposed to be enhanced from 100% to 125%. (+Taka 42 lakhs).
10. Proposal has been made to impose duty @ 25% on pharmaceutical raw and packing materials having alternative uses by abolishing the present procedure of refund of duty paid in excess of 10%. (+Taka 1 crore 5 lakh).
11. Proposal has been made to give full exemption of duty on homoeopathic, ayurvedic and unani drugs.
12. Duty on X-ray equipments, Blood Pressure measuring instruments, medical, surgical, dental, optical and veterinary instruments and equipments has been proposed to be reduced from 25% and 40% to 15%. (—Taka 75 lakhs).

13. Duty on fresh fruits has been proposed to be enhanced from 30% to 40%. (+Taka 40 lakhs).
14. Duty on coconut oil has been proposed to be enhanced from 20% to 25%. (+Taka 1 crore 25 lakhs).
15. Proposal has been made to impose 5% duty withdrawing present full exemption on edible oils and to reduce duty on Vanaspari from 20% to 5% on imports effected under WES. (+Taka 60 lakhs).
16. Duty on alcoholic beverages has been proposed to be enhanced from 75%, 100%, and 200% to 100%, 125% and 250% respectively. (+Taka 12 lakhs).
17. Duty on white and coloured cement, snowcem, and marble chips and powder imported under WES has been proposed to be enhanced from 30%, 50% and 50% to 40%, 60% and 60% respectively. (+Taka 9 lakhs).
18. Duty on coal has been proposed to be made ad valorem and enhanced from Taka 10.00 per ton to 5% ad valorem. (+Taka 1 crore 33 lakhs).
19. Duty on tar has been proposed to be enhanced from 20% to 25%. (+Taka 9 lakhs).
20. Duty on clinker has been proposed to be reduced from 20% to 15%. (-Taka 30 lakhs).
21. Duty on cement has been proposed to be made ad valorem and enhanced from Taka 40.00 per ton to 5% ad valorem. (+Taka 2 crore).
22. Duty on unexposed and exposed cinematographic films has been proposed to be enhanced from 8 poisha and 34 poisha per linear foot to 15 poisha and Taka 1.00 per linear foot respectively.
23. Duty on fountain pen, ball-point, rubber eraser, pencil sharpener and educational toys has been proposed to be made uniform from 75%, 100%, 125% and 175% to 50%. (-Taka 7 lakhs).
24. Duty on domestic sewing machine (non-electric), domestic knitting machine and electric fan has been proposed to be reduced from 50%, 125% and 100% to 35%, 75% and 50% respectively. (-Taka 28 lakhs).
25. Duty on copper rod, capacitor, linseed oil, driers, lacquers, gilsonite, paper not produced locally and developers, toners, fixer, etc. has been proposed to be reduced from 35%, 25%, 50%, 75%, 75%, 75%, 125% and 150% to 25%, 15%, 25%, 50%, 50%, 50%, 100% and 75% respectively. (-Taka 62 lakhs).
26. Duty on tallow has been proposed to be enhanced from 40% to 50%. (+Taka 2 crore).

27. Proposal has been made to impose 50% of chargeable rate of duty on certain relief goods changing the present duty-free status. (+Taka 1 crore).

28. Proposal has been made to exclude toilet requisites, perfumery cosmetics, glass-sheet, torch-light bulb, plastic-sheet, etc. from the concessionary rates, raw materials imported under WES. (+Taka 25 lakhs).

29. Proposal has been made to refund duty in excess of 10% instead of full refund to private ship-building dockyards. (+Taka 5 lakhs).

30. Proposal has been made to reduce the extent of present duty-free concession under the Baggage Rules. (+Taka 2 crore).

31. Proposal has also been made to reduce the extent of concessions under Transfer of Residence Rules. (+Taka 50 lakhs).

B--Excise Duties:

32. Rate of duty on manually made cigarettes has been proposed to be enhanced from Taka 8.00 per thousand sticks to Taka 15.00. (+Taka 1750 lakhs).

33. Rate of duty on natural gas has been proposed to be enhanced from Taka 3.00 per 1000 cft. to Taka 5.00. Gas used in the generation of power and manufacture of fertiliser has been proposed to be partially exempted and made assessable at the rate of Taka 4.50 per 1000 cft. (+Taka 750 lakhs).

34. Rates of duty on broad loom jute carpets and others have been proposed to be enhanced from Taka 5.00 to Taka 10.00 and Taka 2.00 to Taka 4.00 respectively. (+Taka 10 lakhs).

35. Rates of duty on storage batteries and primary cells and primary batteries have been proposed to be enhanced. Accordingly duty on storage battery has been proposed to be enhanced from 10% of the retail price to 20% of the retail price. Rate of duty on primary cells and primary batteries has been proposed to be converted from ad valorem to specific rate and fixed at Taka 9.00, Taka 7.20 and Taka 6.00 per dozen of standard, medium and penlight size batteries respectively. (+150 lakhs).

36. It has been proposed to withdraw the existing exemption of 5% ad valorem on tanned leather and restore the statutory rate of 10% ad valorem. (+Taka 50 lakhs).

37. The present ad valorem rates of 12.5%, 30% and 15% on different types of bulbs and fluorescent tubes have been proposed to be converted to specific rates at the rate of Taka 12.00 per dozen bulbs up to 40 watts, Taka 15.00 per dozen bulbs exceeding 40 watts but not exceeding 60 watts and Taka 36.00 per dozen bulbs exceeding 60 watts. Similarly, rates per fluorescent tubes of 4'-40 watts standard, 4'-40 watts sub-standard, 2'-20 watts standard and 2'-20 watts sub-standard have been proposed to be fixed at Taka 9.75, Taka 8.00, Taka 8.50 and Taka 5.50 respectively. (+Taka 60 lakhs).

38. Rate of duty on one band radio has been proposed to be enhanced from Taka 20.00 per set to Taka 25.00. Ad valorem rate of duty of 25% on two band and above two band radios has been proposed to be converted into specific rate and split up into two at the rates of Taka 75.00 set set of two band radio and Taka 150.00 per set of three band and above. (+Taka 40 lakhs).

39. It has been proposed to enhance the rate of duty on television sets up to 14" screen, up to 20" screen and above 20" screen from Taka 250.00, Taka 500.00 and Taka 1000.00 to Taka 300.00, Taka 600.00 and Taka 1250.00 per set respectively. (+Taka 50 lakhs).

40. It has been proposed to enhance duty in toilet soap with retail price exceeding [figure indistinct] 20% to 35% of the retail price. (+Taka 50 lakhs).

41. It has been proposed to enhance duty on beverages at the rate of additional 5 poisha, 10 poisha and 50 poisha depending on quantity. (+Taka 25 lakhs).

42. It has been proposed to enhance duty on bank cheques from 20 poisha to 25 poisha per cheque. (+Taka 30 lakhs).

43. It has been proposed to withdraw exemption on hotels and restaurants with monthly gross sale exceeding Taka ten thousand but not exceeding Taka twenty-five thousand and refix the rate at 2.5 per cent of the charges. (-50 lakhs).

44. It has been proposed to impose duty at the rate of 10% of the charges on the services rendered by automobile garage and workshop. (+Taka 75 lakhs).

45. It has been proposed to impose duty at the rate of 5% ad valorem on paper and paperboard packaging materials. (-Taka 75 lakhs).

46. It has been proposed to impose duty at the rate of Taka 20.00 and Taka 25.00 per thousand ordinary bricks and ceramic bricks respectively. (+Taka 150 lakhs).

47. It has been proposed to impose excise duty on services rendered by banks on those transactions which result in withdrawals from bank accounts by cheque or otherwise. (+Taka 75 lakhs).

48. It has been proposed to reduce the existing duty of 15% ad valorem and refix it at specific rates of Taka 125.00 for fans up to 48" diameter and Taka 150.00 for fans exceeding 48" diameter. (-Taka 40 lakhs).

49. It has been proposed to completely exempt toothpowder, recycled paperboard commonly known as "Khata Board" and tapes and braids of man-made fibre. It has been proposed to extend exemption limit of footwear up to the retail price of Taka 75.00 per pair from the existing limit of retail price of Taka 55.00 per pair. (-Taka 10 lakhs).

50. It has been proposed to reduce duty on cotton yarn up to 48 counts and to enhance duty on yarn exceeding 48 counts. (-Taka 100 lakhs).

51. It has been proposed to reduce duty on Kerosene from sixty-two and a half poisha per imperial gallon to fifty poisha. (-Taka 110 lakhs).

52. It has been proposed to reduce duty on cement produced from limestone from Taka 720.00 to Taka 500.00 per metric ton. (-Taka 275 lakhs).

53. It has been proposed to merge excise duty and sales tax on cellophane, plastic and resin materials, rubber and rubber products, glass and glassware, chinaware and porcelainware, metal container and wires and cables which are at present at the rate of 10% excise duty and 20% sales tax, 15% excise duty and 20% sales tax, 10% excise duty and 20% sales tax, 10% excise and 10% sales tax, 15% excise duty and 20% sales tax and 10% excise duty and 25% sales tax respectively and to refix the rate of excise duty at 35% ad valorem. (+Taka 1120 lakhs).

C--Narcotics and Liquor:

54. Duty on Bangladesh made Foreign Liquor has been enhanced from Tk.215.00 to Tk.250.00 per L.P. Gallon. The monthly licence fees on volume of sales of both overseas and locally made foreign liquor have also been enhanced by two and half times. (+Taka 17 lakhs).

55. Duty on Country Spirit for tea garden areas has been enhanced from Tk.30.00 to Tk.40.00 and that of other areas from Tk.75.00 to Tk.100.00 per L.P. Gallon. The scales of monthly licence fees on the volume of sales of country spirit has also been enhanced. (+Taka 104 lakhs).

56. Pass fee on Denatured Spirit has been enhanced from Tk.10.00 to Tk.25.00 per bulk gallon. (+Taka 60 lakhs).

57. The duty on Ganja has been enhanced from Taka 250.00 to Tk.300.00 per seer. The scales of monthly licence fees on the volume of sale has also been enhanced by nearly two and half times. (+Taka 33 lakhs).

58. The duty on Mritasanjibani has been enhanced from Tk115.00 to Tk.150.00 per L.P. Gallon. (+Taka 65 lakhs).

59. The rate of annual licence fees for narcotics and liquor licences have been increased by ten times. (+Taka 21 lakhs).

D--Income Tax:

1. Proposal for broadening the income tax base (+20 lakhs).
2. Restriction of the provision for allowing interest on mortgage or capital charge in respect of house property and agricultural land (+5 lakhs).

3. Removal of distinction of earned income allowance between the salaried and non-salaried group of assesseees	(-25 lakhs).
4. Withdrawal of exemption from capital gains tax on assets acquired before the 14th August, 1947	(+30 lakhs).
5. Provision for compulsory levy of penalty for default in certain provisions of law	(+30 lakhs).
6. Proposal for automatic levy of penal interest for delayed payment of tax	(+50 lakhs).
7. Payment of interest to assesseees for delayed refunds	(-10 lakhs).
8. Requirement for licensing of business and professional concerns	(+100 lakhs)
9. Rationalisation of the rate structure for company and non-company assesseees	(+1400 lakhs)
10. Restriction on the travel and entertainment expenses of business houses	(+25 lakhs)
11. Requirement of payment of the undisputed tax before filing appears and revision petitions	(+75 lakhs).
	<u>(+1700 lakhs)</u>

Net Effects of the Fiscal Measures

	Increase (+)	(Taka in lakhs) Decrease (-)	Net Increase
1. Customs Duty	2849	480	2369
2. Excise Duty	4510	535	3975
3. Narcotics and Liquor	350	--	350
4. Income Tax	1700	--	1700
5. Sales Tax	400	--	400
6. Urban Tax	100	--	100
7. Advertisement Tax	50	--	50
8. Stamp Duty	600	--	600
9. Travel Tax	200	--	200
10. Land Development Tax	300	--	300
	<u>11059</u>	<u>1015</u>	<u>10044</u>

Net Effect(+) 10044

[9 Jun, pp 9, 10]

[Text]

MR. SPEAKER,

49. A total allocation of Tk. 2700 crores has been proposed for the next year's Annual Development Programme. This programme will be the first step towards the implementation of the basic ideas underlying the Second Five Year Plan to which I have referred earlier. Another special feature of this Programme is that while making allocations to individual projects, the physical work programmes to be implemented during the year have been kept in view. In addition to the provision for the Annual Development Programme, the budgetary valuation of wheat to be distributed as wages for projects under the Food for Work Programme has been estimated at Tk. 119 crores in the next year's budget.

50. The priorities of the Second Five Year Plan have been kept in view while making sectoral allocations in the Annual Development Programme. In the light of the special emphasis on food production and rural development, allocations for Agriculture, Irrigation and Rural Development have been stepped up in comparison with the provisions in the revised Annual Development Programme for the current year. In order to accelerate rural electrification and to help meet the increased demand for electricity in other areas, the allocation for the Power Sector has been enhanced. With an eye to the long-term importance of the exploration for natural resources, the allocation for this purpose has been enhanced. The allocation for Population Control has been stepped up in order to further strengthen the effort in this area. A substantial portion of the allocation in the Education Sector has been earmarked for primary and mass education. I do not propose to go into the details of the allocations for various projects in all the Sectors of the Annual Development Programme, which are available in the budget documents.

51. I have earlier indicated that with domestic resources on the basis of existing taxes at Tk. 793 crores and external resources estimated at Tk. 1797 crores, the available resources for the next year's Annual Development Programme amount to Tk. 2590 crores. There is thus a gap of about Tk. 110 crores between the resource of Tk. 2700 crores required for the Annual Development Programme and the available resources amounting to Tk. 2590 crores. A part of this gap will be met through some new measures in the Railway Budget already indicated by the Hon'ble Minister for Railways, whose effect will amount to additional receipts of above Tk. 9 crores. This will still leave a gap of a little above Tk. 100 crores between available and required resources. Mr. Speaker, Sir, I will presently apprise the House of the various measures proposed in order to fill up this gap.

MR. SPEAKER,

52. I would now submit tax policy and proposals for the coming financial year.

53. But before that, it would be relevant to mention that Taxation Enquiry Commission appointed by Government had long and thorough deliberations and submitted report containing its recommendations. Earlier some recommendations of the Commission made in the Interim Reports had been accepted at various stages. Some recommendations of the Commission which are consistent with the nation's social and economic objectives have been incorporated in the tax proposals for the next financial year.

54. As in other years this year also certain fundamental principles have been followed as the basis to formulate overall tax policy of the Government. These are: reduction of tax burden on the poor and lower income groups of the population, decrease in the prices of the essential commodities of daily use, provision for increased employment opportunities by helping the growth and expansion of the local industries and, above all, widening of the tax base in the country so as to reduce the role of foreign aid in our ceaseless struggle against poverty as well as to collect additional revenue in order to substantially increase share of internal resources required for the implementation of the Second Five Year Plan. Special attention has, however, been given in formulation of tax proposals to ensure as far as possible that new tax measures are borne by the comparatively well-to-do and richer section of the society rather than the poorer section of the people.

55. Strengthening of the tax administration for improvement of tax collection is an important objective of the government. There was no office of the Central Board of Revenue in Bangladesh. Although National Board of Revenue was established after liberation this could not grow into an effective organisation due to various handicaps. In the context of the need for significant improvement in tax collection it is essential to take steps for strengthening revenue administration by providing adequate manpower, essential facilities like office accommodation and equipments and by arrangement for intensive training and orientation of officials in order to build up an efficient organisation. A crash programme would be undertaken in this direction.

Customs :

56. Entire nation and the Government are now engaged in intense efforts to develop agriculture and to boost up agricultural production. In line with the national objective, we have been pursuing a policy to extend duty and tax concessions to all input imports for agriculture. During the current year also, a number of steps have been taken in this regard before the formulation of budgetary measures started off. Pesticides used in agriculture can now be imported free of duty and sales tax in any quantity and in any form of packing by any individual or organization. Shallow tubewells and agricultural sprayers have also been given concessionary rate admissible to other agricultural equipments and these are sales tax free. Raw materials for agricultural diesel engine and its spares have been completely exempted from duty and sales tax. The duty rate of 15% on fishing trawlers has also been reduced to 2½%.

57. After food cloth is the most important item of necessity. The traditional handloom industry of our country employs a large section of the rural population in addition to producing fabrics. The cotton textiles industry is also one of the most important industries of the country. A number of textile mills have been established during the last few years and a few others are under construction. With a view to reducing the price of locally produced fabrics in order to provide relief to the common man, I am proposing to reduce the customs duty on raw cotton from 55 paise per lb. to 45 paise per lb. In addition, I am proposing to reduce the duty on imported yarn from 30% and 40% respectively to 25% and 35%. Further the duty on cotton yarn below 60 counts imported under XPL is also proposed to be made uniform with the duty on imports under the WES at 25%.

58. The present rate of duty on imported cotton fabrics is rather low. Moreover, the tariff value for assessment fixed for these fabrics is also low compared to the international price. For these reasons, the domestic handloom and the textile industries are presently facing an uneven competition. To save the domestic industries from this plight and to put them on a strong footing, I propose to revise the rates of duty on cotton fabrics in the following manner:

Item.	Present rate.	Proposed rate.
1	2	3
Cotton fabrics of below 21 counts	20%	30%
Cotton fabrics of 21 counts and above but below 48 counts.	30%	75%
Cotton fabrics of 48 counts and above	125%	150%

59. The existing duty differential between the 100% synthetic and mixed fabrics is not justifiable and it also provides scope for duty evasion through misdeclaration. In order to put a stop to such temptations, I propose to rationalise the two existing rates of 250% and 200% to a uniform rate of 225%.

60. The acceptance of the above proposals, I am convinced, will not only protect and expand the domestic handloom and textile industries but will also have long-run beneficial impact in the field of employment by widening job-opportunities in the urban and rural areas alike.

61. In order to mobilize the scarce domestic resources necessary for economic development, I propose to enhance the customs-duties on the following items which are used by the relatively richer section of the population:

Item.	Present rate of duty.	Proposed rate of duty.
(1) Airconditioner	100%	125%
(2) Alcoholic beverages	75%, 100%, and 200%	100%, 150% and 250%

Item.	Present rate of duty.	Proposed rate of duty.
(3) Motor Car :		
Engine capacity up to 850 c.c.	50%	80%
Engine capacity exceeding 850 c.c.	80%	75%
Engine capacity exceeding 1000 c.c.	110%	125%
Engine capacity exceeding 1300 c.c.	150%	175%
Engine capacity exceeding 1500 c.c.	200%	250%
(4) Fresh fruits	30%	40%
(5) Sawwood	30%	60%
(6) White and coloured cement	30%	40%
(7) Marble chips and powder	30%	60%

62. I further propose to increase the present rates of duty by 10% on the yarn of man-made fibres, twines, ropes, cables and cordages. This will mean that WES imports of these items will now be subject to a duty rate of 35% against that of the normal imports at 60%.

63. The existing concession of half the effective rate on the WES imports of industrial raw materials have been found to be misused in some cases like cosmetics, perfumery, toilet-preparations, glass-sheet, plastic sheet, etc. With a view to eliminating such misuse, I propose to withdraw the concession from some items.

64. At present WES imports of butter, palm and soyabean oils enjoy full exemption of duty whereas vanaspathi ghee imported under the WES is subject to a duty of 20%. The difference between duty-free palm oil and dutiable vanaspathi ghee is very thin providing ample scope for disputes with the result that each of these consignments have to be chemically tested more than once for proper identification with resultant inconvenience and harassment both to the trade and the customs. In order to obviate these difficulties, I propose to a uniform low rate of duty of 5% on butter, palm, soyabean oils and on vanaspathi ghee. This will also help the domestic refiners of crude soyabean oil who has to pay a duty of 25% on their imports under cash licence.

65. In order to protect the domestic button manufacturing industry, it is proposed to enhance the duty on imported buttons from 75% to 100%.

66. In order to remove the inconvenience and capital blockade faced by the pharmaceutical industries in getting refund of the duty paid in excess of 10% on their imports of raw and packing materials as listed in Annex II, I propose to abolish the existing system of refund and make all such raw materials and packing materials subject to a flat rate of duty of 25%. The Taxation Enquiry Commission in recognition of the problem also recommended a somewhat similar solution.

67. Even nine years after liberation, a large variety of goods are still being imported as relief goods without payment of duty and taxes. Enjoyment of this liberal exemption is not beyond question. Apart from items like clothing, medicine and other distributable consumer goods, many other items like varieties of building materials from C.I. sheet to cement and M.S. rods, vehicles and transports, refrigerators, office equipments, etc., are being imported duty and tax-free as relief goods. I, therefore, propose to impose duty @ 50% of the effective rates on some relief goods, keeping intact the existing full exemption on some such genuine relief items as clothings, medicines, hospital and population control instruments and appliances, agricultural inputs and hospital equipments. I also propose to restore full-duty on consumer durables which are rather luxury goods in this country.

68. The existing Baggage and Transfer of Residence Rules provide the facility of duty and tax-free imports of many durable luxury goods in substantial quantity to a class of people who are quite well-to-do and are, therefore, in a position to pay the duty. In the interest of social justice and for mobilisation of resources I propose to reduce the present liberal baggage concessions to a reasonable level. The Taxation Enquiry Commission also recommended such reduction of concessions.

69. In order to give some relief to the people of lower income-group, I propose to rationalize the existing rates of 40%, 50% and 75% leviable on the second-hand clothings into a single rate of 50%. This will also plug in scope for assessment disputes and tax evasion. In order to help improve the general transportation system, I propose to reduce the duty on WES imports of built up and CKD trucks and buses to 20% and 10% respectively from the existing 25% and 20%.

70. Recognising the need for supplying cheaper raw materials to some domestic industries (cement, fan, printing ink, offset printing, etc.) in order to help them to maintain the level of production and employment, I propose to reduce the rates of duty on some raw materials in the following manner:

Item.	Present rate of duty.	Proposed rate of duty.
(1) Clinckar	30%	15%
(2) Copper-rod	35%	25%
(3) Capacitor	35%	15%
(4) Linseed oil	50%	25%
(5) Driers	75%	50%
(6) Lacquers	75%	50%
(7) Glacoids	75%	50%
(8) Paper, not produced locally	125% & 150%	100%
(9) Developers, toners and similar chemical products	125%	75%

71. In order to help provide the gainful employment to needy women and to rehabilitate the distressed women also for the benefit of the housewives the present rates of duty of 50% and 125% *ad valorem* on the domestic sewing machine and knitting machine are proposed to be reduced respectively to 35% and 75%.

72. In order to reduce the educational expenses of the student community, I propose to reduce the present various rates of duty on ball-point, pen, rubber eraser, educational toys and pencil-sharpener to a flat uniform rate @ of 50% from the existing 75%, 100%, 125% and 175% respectively.

73. For the benefit of the sick and the ailing people, I propose to reduce the existing rates of duty of 25% and 40% on blood pressure measuring instrument, medical, surgical, optical, dental and veterinary instruments and appliances to a low and uniform rate of 15%.

74. The Homeopathic, Ayurvedic and Unani medicines are used by large section of relatively poor people of both the rural and urban areas for the cure of their ailments. Recognising the need for cheaper treatment for the poor people, I propose to totally exempt the Homeopathic, Ayurvedic and Unani medicines from import duties.

75. In addition to the above, I propose to rationalise by converting the existing specific rates of duty of Tk. 10.00 and Tk. 40.00 per ton on coal and cement respectively to an ad valorem rate of 3%. I also propose to increase the rates of duty on coconut oil, tallow and tar from the existing 20%, 40% and 20% respectively to 25%, 50% and 25%. Under the existing system, the private ship-building dockyards get full refund of duty paid on the imports of their raw materials. In order to contain the possible misuse of this liberal facility, I propose to reduce the extent of concession. Henceforth it is proposed to allow the dockyards refund of duty paid in excess of 10%.

76. Our poor people use aluminium utensils. Over the years the international price of aluminium ingot has shot up with the result that Sales Tax element on imported aluminium ingots has gone up so high that aluminium utensils industry is too hard pressed. To relieve the situation Sales Tax on imported aluminium ingots is proposed to be totally abolished. It is hoped that the benefit will be passed on to the users of aluminium wares.

77. I consider it relevant to state here that capital machinery gets a substantial duty concession and are subject to duties at the rate of 15%, 5% or 2½% depending on whether the proposed industries are established in developed, developing or less developed area. This concession is regulated by a notified rule. Needless to say that this concession is not applicable to all sorts of machinery. As per rules this concession is applicable to goods classifiable under specific tariff headings mentioned in the notification under some specific conditions. There are many machineries which have other uses than in an industrial unit. Sometimes importers claim the special concession after importing such machineries which are not covered by the notification. When customs refuse their prayer, misunderstanding ensues. To remove such misconceptions, I want to emphasise here that all the machinery items are not included in the machinery notification, and therefore, all machineries are not eligible for the concession. In cases where concession is not permissible importers should pay duty as leviable under the tariff and avoid delay in clearing the goods.

Brick Duty:

78. With the various development activities throughout the country brick manufacturing industry has been making tremendous renovation. Owing to lower cost of production the manufacturers make huge profits in this industry. By and large, the richer section of the population enjoy the benefits of the manufacture and use of bricks. In order to mobilise resources to meet necessary development expenditure it appears that an imposition of excise duty on bricks is justified. I, therefore, propose that an excise duty be imposed at the rate of Tk. 25 and Tk. 25 per thousand of ordinary and ceramic bricks respectively. At this rates the incidence of duty will be two paise and two and half paise per ordinary and ceramic brick respectively. There is thus no possibility of increase in the price of bricks as a result of this negligible levy of duty.

79. Paper and Paper board packaging materials industry has recorded considerable growth and in the meanwhile a few reputed packaging manufacturing units have been established in the country. I, therefore, propose that a duty at the rate of 3% *ad valorem* be imposed on paper and paper board packaging materials.

80. With the development of road transport, motor garage and workshops have proliferated to a great extent. Services rendered by such motor garage and workshops are mainly enjoyed by the comparatively well-to-do persons. I, therefore, propose that excise duty at the rate of 10% *ad valorem* be imposed on the services rendered by automobile garage and workshops.

81. Banking service has developed considerably with the expansion of trade and industry in the country. Facilities of this service are generally enjoyed by different organisations and comparatively higher income groups of the society. I, therefore, propose that excise duty at the rate of twenty-five paise per transaction relating to withdrawal from bank accounts by cheque or otherwise.

82. There are certain items on which excise duty and sales tax are leviable at the same time. Levy of two indirect taxes on the same item at the same stage is not justified and it creates complications. I, therefore, propose that the existing leviable excise duty and sales tax on six items, namely, cellophane, plastic and resin products, rubber and rubber products, glass and glassware, china ware and porcelain ware, metal containers and electric wires and cables be rationalised and merged together for the levy of a single excise duty at the rate of 35% *ad valorem*.

83. Major consumers of the items like jute carpet, T.V. sets, storage batteries, beverages, bank cheques, tanned leather, toilet soap, etc. are comparatively higher income groups of the society. I propose to enhance the rates of duty on

- (a) Handloom jute carpet from Tk. 3 to Tk. 10 per sq. yard.
- (b) Other jute carpet from Tk. 2 to Tk. 4 per sq. yard.
- (c) T.V. set up to 14" screen from Tk. 250 to Tk. 300 per set.
- (d) T.V. set up to 20" screen from Tk. 500 to Tk. 600 per set.
- (e) T.V. set up to 24" screen from Tk. 1000 to Tk. 1250 per set.
- (f) Storage batteries from 10% to 20% *ad valorem*.
- (g) Bank Cheque from 20 paise to 25 paise per cheque.
- (h) Beverage per bottle 5 paise, 10 paise and 50 paise depending on its quantity.
- (i) Toilet soap of the retail price exceeding Tk. 3 per cake 20% to 35%.
- (j) Tanned leather 5% to 10% *ad valorem*.

84. Electric bulbs and fluorescent tubes, radio receivers of two bands and three and primary cells and batteries are assessable to excise duty on *ad valorem* basis. These goods are manufactured out of imported raw materials and as a result of the increase of the international price of raw materials the price stability of these products is being disturbed. I, therefore, propose that the existing *ad valorem* rates of duty on these items be slightly enhanced and revised to specific rates as follow:

- (a) Electric bulb up to 40 watt—Tk. 12 per dozen.
- (b) Electric bulb up to 60 watt—Tk. 15 per dozen.
- (c) Electric bulb exceeding 60 watt—Tk. 20 per dozen.

- (d) Different types of disinfectant tubes—Tk. 10-25 Tk. 5-10
Tk. 8-00 and Tk. 3-50 per piece according to quality
- (e) One band radio—Tk. 25 per set
- (f) Two band radio—Tk. 75 per set
- (g) Radio of three bands and above—Tk. 150 per set
- (h) Primary cells and batteries—Tk. 9-10 per dozen of standard size, Tk. 7-20 per dozen of medium size and Tk. 6-00 per dozen of penlight size.

85. Specific rates of duty are also likely to help in containing the tendency of misuse of raw materials. Interdepartmental co-ordination among Excise, Import Control and Industries Departments is essential to ensure the proper use of imported raw materials and to achieve this a Special Cell will be constituted in the National Board of Revenue. Specific duty rates will assist in bringing about this co-ordination and this in turn will facilitate correct assessment and collection of duty.

86. Different rates of excise duty are in force on the services rendered by hotels and restaurants. But the hotels and restaurants with monthly gross sale of between Tk. 10,000 and Tk. 25,000 have been enjoying full exemption of duty. Hotel business is highly profitable one for which the existing exemption cannot at all be justified. I, therefore, propose that exemption from this category of hotels and restaurants be withdrawn and duty at the rate of 24% of the charges be imposed. Besides this, procedural changes to improve the assessment and collection and also to stop the tendency of evasion, are also under consideration.

87. For the last few years popularity of biri has increased a great deal due to rapid improvement in its quality and get up. Biri has now attained the status of the lower brand cigarettes in look, taste and smell, and it is fast capturing the market of such cigarettes. The existing rate of duty on biri is significantly lower than that on the lower brand cigarettes. When one stick of lower brand cigarette carries a duty incidence of over three pousha, such incidence on one stick of biri stands at eight-tenths of a pousha. Moreover, the cost of production of biri is much less than that of cigarettes, and unlike cigarette there is no official price control on biri. It is, therefore, evident that an uneven competition is prevailing between biri and the lower brand cigarettes. This has resulted in the gradual squeeze of the markets of lower brand cigarettes and the Government is being deprived of its due revenue. Taking all these factors into consideration, I propose that excise duty on biri be enhanced from Tk. 8 to Tk. 15 per thousand. This enhancement is likely to result in total incidence of only one and a half pousha per biri.

88. The consumers of natural gas are still enjoying the benefits of much lower price compared to the users of other types of fuels. There are programmes for considerable investments in the natural gas sector during the Second Five Year Plan. In view of the future investment needs in this sector and of the benefits of the existing lower price, I propose that duty on natural gas be enhanced from Tk. 3 to Tk. 5 per thousand cft. In consideration of the greater needs for the production of electricity and fertilizers I propose a lower rate of Tk. 4-50 per thousand cft. of gas used in these two fields.

89. The local cement appears to be incapable of bearing the existing burden of excise duty. Under the circumstances, I propose that duty on cement be reduced to Tk. 300 per ton from Tk. 720. But since there still remains a big difference between the cost of production of clinker cement and that of the lime-stone cement, the existing lower rate of duty on clinker cement will continue.

90. Due to increase in the price of electric fan during the last few years this item has gone beyond the purchasing power of the people of average and small means. Though the demand for electric fans has increased along with the increasing electrification of the country the middle class people cannot purchase fans at such high price. In a tropical country like ours this undesirable situation should be eliminated. At present, electric fans are dutiable at ad valorem rates, and the incidence of such duty comes to Tk. 170 and Tk. 207 per fan of 48" and 36" respectively. It is necessary to reduce this rather high rate of duty. I, therefore, propose that duty on electric fans be made specific and reduced to Tk. 125 and Tk. 150 per fan of 48" and 36" respectively. In addition, customs duty on imported electric fan and certain raw materials of electric fan has been reduced. I am confident that the acceptance of this proposal will reduce the price of both imported and locally produced fans and thereby enable the middle class and lower middle class people to go for it.

91. The entire activities of the Government are aimed at achieving the overall welfare of the common man. It has been our endeavour to reflect this objective in the next year's budget policy and fiscal measures. I, therefore, propose that the tooth powder, an item of common man's daily use in rural and urban areas, and "Khata Board" be completely exempted from excise duty. It is also proposed to grant full exemption of duty on tapes and braids of man-made fibre for the sake of rationalisation. The existing exemption on footwear priced up to Tk. 55 per pair does not appear to help the lower income group and the children. I, therefore, propose to raise this exemption ceiling to Tk. 75 per pair. I hope that lower income group and the children will be benefited from this measure.

92. Cotton fabrics are leviable to different rates of duty at various stages under the existing duty structure. Coarse cotton fabrics manufactured in the country is an item of common man's daily use. With a view to reducing the tax burden on this item and to strengthening the handloom and the cotton textile industry in the country, I propose to revise the rates of duty on different counts of cotton yarns as follows:

(a) Yarn of count 16 to count 20	Reduced from 25 peshas to 20 peshas per pound.
(b) Yarn from count 21 to count 34	Reduced from 30 peshas to 25 peshas per pound.
(c) Yarn from count 35 to count 47	Reduced from Tk. 1.00 to 90 peshas per pound.
(d) Yarn of count 48 and above	Enhanced from Tk. 1.50 to Tk. 2.00 per pound.

93. Coarse cloth being a poor man's item higher exemption has been given to yarns of lower counts. Textiles Corporation is the principal manufacturer of coarse cloth. The Government will maintain vigilant watch to see that full benefits of these exemptions reach the common man through proper revision of price. Duty on super fine yarn whose fabrics are used by richer people has been considerably increased for the sake of social justice.

94. Kerosene is being used as an illuminant by common man in the rural areas and also as a fuel in those urban areas where there is no natural gas supply. Yet the price of crude oil in the international market has resulted in the gradual increase of the price of kerosene. In consideration of the benefits of the poor, common people in the villages and elsewhere, I propose to reduce excise duty on kerosene from sixty-two and a half poisha to fifty poisha per gallon. The Government will keep a watchful eye to ensure that the Petroleum Corporation reaches the benefits of this duty exemption to the poor people through a proper revision of price. The Government's concern for the social justice and sympathy for the poorer has been honestly reflected in this measure.

Narcotics and Liquor :

95. In respect of narcotics and liquor it is the persistent policy of the Government to maintain ceaseless efforts to keep the people away from the use of narcotics. In pursuance of this policy the objective of collecting maximum revenue from the use of minimum narcotics is being followed:

- (a) Duty on liquor, mritsanjibani and ganza is being enhanced
- (b) Rates of licence fee on the monthly sale of country spirit, ganza and opium have remained unchanged for long. Particularly in respect of country spirit the present rate has remained in force since 1934. There were as many as three hundred four slabs of the monthly licence fee rates on country spirit. This has now been readjusted to eleven slabs through simplification and rationalisation along with the upward revision of the rates. Similarly rates of monthly fees on Ganza and Opium have also been enhanced and re-arranged.
- (c) Annual licence fees on many items have remained unaltered since 1950. The rates of such fees are also being considerably increased

Income-tax :

96. Our direct tax base is extremely narrow and needs to be widened. Therefore, in accordance with the recommendations of the Taxation Enquiry Commission, I propose to include in the definition of income such receipts as are in the nature of compensation for termination of contracts and licences, salami or premia in respect of leases, goodwill money, etc. The inclusion of the items will save a lot of litigations and help simplify the tax system. With a view, however, to reduce the incidence of tax owing to the inclusion of salami in lump-sum in the year of receipt it is proposed that the receipt would be spread equally over the lease period but not exceeding five years.

97. At present where a residential house or an agricultural land is subject to a mortgage or other capital charge the interest thereof is allowed as a deduction in computing the income from the property or the land, as the case may be, irrespective of whether the money borrowed is utilised for the purpose of the house and the land or for personal purpose. This being contrary to the basic principle of computation of income for the purpose of tax, it is proposed to delete the provision from the relevant law.

98. It is found quite often that assesses do not maintain proper and regular accounts which makes it difficult to make a fair estimate of their incomes. In such cases, particularly in respect of bigger assesses, the assessments of income might be more realistically based if the tax returns are accompanied with the assesses' statements of assets. It is accordingly proposed that assesses with total income exceeding Taka 20,000 should be compulsorily required to file their statements of assets and liabilities annually along with the returns of income.

99. The tax compliance in our country is far from satisfactory. Returns and statements are not submitted in time nor the payment of taxes. As a result assessment and collection of taxes get delayed. Although the assessing officers have discretion to penalise the delinquency such discretion, however, is sparingly exercised. It is, therefore, proposed to make the imposition of penalty compulsory both for non-submission of returns and non-payment of taxes by due dates. In cases, however, where applications for time are filed, time will be deemed to have been allowed unless informed otherwise.

100. There is at present a large number of persons who are evading tax wholly by remaining outside the tax net. In order to identify such persons and bring them within the tax-fold and in accordance with the recommendation of the Taxation Enquiry Commission, it is proposed to provide for the licensing of all persons carrying on business, profession or vocation by paying rent or owning premises in certain areas as may be prescribed by the National Board of Revenue. The fee for the first licence will be Tk. 100. and for renewal Tk. 50. A failure to obtain a licence will be penalised by an amount not exceeding Tk. 500.

101. There is a provision in the Income-tax Act for prescribing a limit on entertainment expenses incurred by business houses or professional concerns, but no limit has yet been fixed. Based on the principles of recommendation of the Taxation Enquiry Commission I now propose to set the following limits in this behalf:

- | | |
|--|--|
| (i) On the first Taka 5 lakhs of profits and gains of the business or profession | At the rate of 4% or Tk.20,000 whichever is higher, irrespective of profit or loss |
| (ii) On the next Taka 15 lakhs | At the rate of 2% |
| (iii) On the next Taka 30 lakhs | At the rate of 1% |
| (iv) On the balance | At the rate of 1/2% |

These limits will not apply in the case of new concerns for the initial two years.

The amount of entertainment expenses allowed in the hands of the employer in the above manner will include the entertainment allowance paid by the employer to any employee or other persons.

102. It is found that business houses often incur lavish expenditures on account of frequent foreign travels of the employees and their dependents for holiday and recreation. It is proposed to restrict the deduction of expenses on account of such foreign travels of the employees and their dependents to once in every two years.

103. Capital gains arising out of the disposal of an assessee's capital assets acquired before 14th of August, 1947 are now exempt from tax. Since the gains are of an windfall nature and the exemption does not serve any economic purpose it is proposed to withdraw the same.

104. A substantial evasion of taxes and duties like the capital gains tax, wealth tax, estate duty and stamp duty takes place through widespread undervaluation of capital assets like the land and buildings transferred by sale or otherwise. In order to counteract such evasion of taxes and duties through underhand deals it is proposed to make legal provision reserving the Government's right to acquire such assets at a price 10% higher than that shown in the instrument of transfer.

105. There is now considerable evasion of tax by smaller traders and professional persons who do not maintain proper accounts. In order to curb the evasion of taxes by such persons as well as simplify the assessment procedure it is proposed to introduce a system of assessment of such persons on presumptive income basis. Such a presumptive income would be Tk.15,000 which will remain unchanged for the following two years.

Mr. Speaker, Sir,

106. I would now like to address myself to the rationalisation and re-structuring of our existing tax rate schedules. There is now a surcharge on tax payable by assesses having income exceeding Tk.50,000. This has been widely viewed with disfavour. Besides, an additional duty of income-tax called super-tax on the income of companies, local authorities and registered firms appears to be a relic of the past when this tax used to be shared between the Central and Provincial Governments. It may be appreciated that in a unitary system of Government as ours the continuance of levy of the two taxes has lost its relevance. I accordingly propose to merge both the surcharge and super-tax into income-tax. There will therefore now be only one tax, namely, the income-tax, for all persons including companies, local authorities, and registered firms. This will simplify the system and procedure for the levy and payment of tax.

107. At present there is a multiplicity of income slabs in the existing personal income-tax rate structure with as many as 13 slabs in our schedule as against only 8 or 9 in many other countries. Since there is hardly any justification for so many slabs, it is proposed to reduce them to nine with the initial rate of 10% on the taxable income not exceeding Tk5,000 and maximum marginal rate of 65% on the taxable income exceeding Tk.1,00,000 [figure as printed]. This will make the rate structure more rational. I similarly propose to simplify the rate schedule for registered firms by integrating the few initial slabs with the rate of 10%, as in the case of other personal rates, while retaining the existing marginal rate of 30% on income exceeding Tk.1,50,000.

108. The existing corporate rate structure based on an artificial income differential inhibits the growth of optimum sized companies and penalises effort, initiative and higher profit-making. In a production-oriented economy as ours there is a far greater need to provide fiscal incentives to the manufacturing companies. It is accordingly proposed to revise the company rate structure providing for a unified income-tax with merger of super-tax and surcharge, as follows:

	Rate
(a) In the case of industrial companies wholly or mainly using indigenous raw materials	50%
(b) In the case of other industrial companies	55%
(c) In other cases including banks, financial institutions	60%

At present intercorporate dividend suffers tax at the rates of 15% and 20% depending mainly on whether they are public or private companies respectively. Such a differential treatment is prejudicial to the growth of a viable private corporate sector and particularly inhibits the inflow of foreign capital. In order, therefore, to accelerate the pace of industrialisation of the country through a strong private corporate sector particularly with foreign participation, it is proposed to remove the existing distinction in the rate of taxation of intercorporate dividend, for which the more favourable rate of 15% is proposed.

Since most of the companies are now in the public sector, it is proposed to do away with the preferential treatment to these companies in the matter of tax rebates. In order to encourage, however, the bringing in of income from abroad, it is proposed to allow a tax rebate at the rate of 10% on the foreign income of Bangladeshi companies not otherwise entitled to the benefit of export rebate scheme on their income brought into Bangladesh.

109. In the rate structure for capital gains there are anomalies. Whereas companies and registered firms are taxed at a fixed rate of 25% on the entire gains, other assesses are taxed on a part of the gains based on the period of holding the assets. In the present inflationary conditions, when substantial gains are made as mere windfalls, any exemption of the gains even partially will only provide fuel to inflation and widen economic disparity. It is accordingly proposed to withdraw the partial exemption of the capital gains and tax them in the following manner:

- (a) Capital gains arising within 2 years of the date of acquisition of assets are to be taxed at the full personal rate of the tax-payers as revenue gains of the year of sale.
- (b) Capital gains arising between 2 to 5 years are to be added to other income and taxed at the average rate or 35%, whichever is lower.
- (c) Capital gains arising after 5 years are to be added to other income and taxed at the average rate or 30%, whichever is lower.

Companies and registered firms will continue to be taxed as at present.

110. I now turn to the proposals for reliefs, concessions and administrative streamlining. The tax holiday scheme for industrial undertakings which expires by June, 1980 is proposed to be given a fresh lease of life for the next five years up to June, 1985 to be in conformity with the duration of Second Five-Year Plan. Similarly the tax holiday scheme for residential buildings is proposed to be restricted only to those under the low cost housing scheme with plinth area up to 1000 sq. ft., for the next five years up to June, 1985. The present exemption limit of Tk. 8,400 is, however, proposed to be raised to Tk. 12,000 in respect of the residential buildings with plinth area exceeding 1000 sq. ft., for the next five years.

111. There is a great need to provide incentive to entrepreneurs engaged in the production and supply of fish, meat, eggs, fruits, etc. This is inextricably linked with our programme of agricultural revolution. Since investments in these areas are extremely shy, I propose to allow tax exemption to all enterprises in fish farming, poultry farming, duckery farming, cattle farming, dairy farming and horticulture for 10 years from 1st July, 1980. The facility will be available to all persons engaged in these enterprises, irrespective of whether they are companies or not. In order, however, to make the scheme meaningful and create a stake in the enterprises, it is proposed to allow the benefit to the entrepreneurs investing Tk.10,000 and more.

112. Under the existing law there is a discrimination in earned income allowance as between the salaried and the non-salaried group of assessees. This has been widely criticised. It is accordingly proposed to abolish the distinction between the two groups of assessees in the matter of earned income allowance which would not be available uniformly to all assessees qualifying for the purpose @20% of their total income or Tk.5,000 whichever is less.

113. Education allowance for children is at present admissible @ Tk.800 per child subject to a maximum of Tk.2,400. I propose to raise the limit of allowance to Tk.1,000 per child but restricted for two children only. This will be in conformity with the objective of our national population control programme. In pursuance of the same programme personal allowance for bachelors is also proposed to be brought at par with married persons at Tk.3,000.

114. Under the present law the income of an individual from a partnership firm in which the individual's husband or wife is also a partner is assessed by clubbing together the income of both the husband and wife. This causes hardship to the professional persons who are prevented by law from forming themselves into companies and can work together only through formation of firms. It is only fair and equitable that such partners are assessed separately on their respective share income from firms. The provision of the Income-tax Act is accordingly proposed to be amended.

115. An assessing Officer can now make an assessment within three years from the end of the relevant assessment year and an assessment or re-assessment in consequence of an appellate or revisional order within four years of such orders. Such a long period for completion of an assessment occasions a host of problems to the department as well as the assessee in the matter of timely determination and payment of tax. Based on the recommendation of the Taxation Enquiry Commission I propose the limitation of the period for completion of assessment to two years from the end of the relevant assessment year and for an assessment or re-assessment in consequence of an appellate or revision order to one year from the end of the year in which such order is made.

116. There is now no time limit for decision of appeals before the Appellate Joint Commissioner of Taxes and the Income-tax Appellate Tribunal and revision petitions before the Commissioner of Taxes. Consequently there is a huge backlog of such appeals and revision petitions resulting in a substantial locking up of taxes causing serious concern for the administration as well as the tax payers. In order to relieve the situation it is proposed to prescribe a time limit for disposal of appeals before the Appellate Joint Commissioner and revision petitions before the Commissioner of Taxes to one year from the end of the year of their filing. The present pendency of appeals and petitions would be required to be decided within two years by June, 1982. And for the purpose the number of Appellate Joint Commissioners would be increased, if need be. Two more benches of the Income-tax Appellate Tribunal at Dacca and Khulna will likewise be set up.

117. Representations have been received from various associations against the practice of setting aside of assessment orders by different appellate authorities. The practice of setting aside of cases instead of solving the tax payers problems only complicates them. It is proposed to do away with the power of setting aside of orders by the appellate authorities who would henceforth be called upon to decide the cases as otherwise provided by law.

118. Delay in refunds of tax creates frustration in the minds of the tax payers. This also impairs the department's public relation and makes tax compliance difficult. It is proposed to provide for granting of refunds within two months of their becoming due, failing which the assessee would be entitled to an interest @ 12% per annum on [as printed]

119. Having regard to the hardship of assesseees of the salaried group in this inflationary days, it is proposed to enhance (1) the deductible conveyance expenses by 50% for those who do not receive any conveyance allowance from their employers, and (2) the limit of tax free conveyance allowance by Tk. 1,200 per year for those who receive the conveyance allowance from their employers. A similar enhancement for the latter categories of employees in respect of entertainment allowance is also proposed. the amount of due refunds from the third month up to the date of issue of the refund order.

120. A proposal is made to authorise the National Board of Revenue to disclose the particulars of income-tax to the government and non-government agencies in the interest of tax recovery.

121. In addition to the changes just discussed, amendments in law are proposed to :

- (i) exempt capital gains arising from the sale of Government securities and stocks and shares of approved public companies, if the sale proceeds are re-invested within two years in the acquisition of similar securities, stocks and shares. This will provide incentive to capital formation and investment;
- (ii) exempt the winnings from lotteries up to Tk. 2,000 as for other windfall gains;
- (iii) raise the exemption limit of the income on non-professional writers, journalists or artists from Tk. 5,000 to Tk. 10,000 for artistic or literary work;
- (iv) raise the limit of furnishing the statements of payment of interest, commission, royalty, brokerage or annuity from Tk. 400 to Tk. 3,000;

(v) extend the benefit of the exemption of premia for insurances taken on the life of the minor children of the assesseees;

(vi) restrict the definition of a relative for the purpose of appearance before the income-tax authorities or the Income-tax Appellate Tribunal;

(vii) require the appellants to pay the entire amount of undisputed tax prior to filing appeals before the Appellate Joint Commissioners and the Tribunal and revision petitions before the Commissioners.

Sales Tax:

122. The standard rate of sales tax is 20%. Certain goods, however, are taxed at enhanced rates of 25% and 30% while others at reduced rates varying from 7 1/2% to 15%. Multiple rates of tax tend to be discriminatory and create administrative complications. I, therefore, propose to merge the enhanced rates into the standard rate of 20% and allow only one reduced rate of 10% for all items enjoying multiple reduced rates.

Urban Immovable Property Tax:

123. At present the valuation of land and buildings for the purpose of the tax is based on municipal valuation. Since such a valuation often does not reflect the current rental of the holdings, it is proposed to change the bases of evaluation of the holdings to the annual rental as adopted by the Taxes department who administers the tax. In order, however, to provide relief to the poorer section of the people, it is proposed to raise the limit of exemption from Tk.1,000 to Tk.6,000 of the annual value. The rate schedule is at the same time proposed to be simplified and revised at 5% in respect of rented holdings and 3% in respect of self-occupied holdings.

At present there is no provision for vacancy allowance. In order to relieve the possible hardship of the tax payers it is proposed to provide for a vacancy allowance at the rate of 3/4 of the tax due for the vacant period if the vacancy exceeds 60 days in the year.

Advertisement Tax:

124. This tax has a rather narrow coverage comprising of advertisements made through cinema slides and films, radio and television. It is, therefore, proposed in accordance with the recommendation of the Taxation Enquiry Commission to extend the tax also to charge for advertisements made through daily newspapers excepting for tenders and employment notices at the rate of 10%. It is also proposed to revise the existing rates for advertisement through cinema slides and films, radio and television to 15%. Details will be provided by Rules to be made by the National Board of Revenue.

Stamp Duty:

125. The Taxation Enquiry Commission examined the existing position of the Stamp Duty and noticed various inequities and anomalies in the system. The rate schedule was found to be old, archaic, regressive, and inadequate to meet the needs of a developing economy. Occasional changes in the rates were made on ad hoc basis mainly to meet the exigencies of revenue and no efforts were made to rationalise the system as a whole. In keeping with the principles of recommendation of the Taxation Enquiry Commission I now propose to simplify and rationalise the structure, integrate the additional and normal duties into unified *ad valorem* rates, considerably reduce the outdated slabs and apply thereon a few realistic rates in keeping with the imperatives of our revenue, administrative cost and containment of inflation. The proposed schedule is annexed herewith.

Foreign Travel Tax :

126. A tax like this is prevalent in quite a number of countries. There is justification for the levy of such a tax on the foreign travel of the well-to-do section of our people as has been recommended by the Taxation Enquiry Commission. It is accordingly proposed to levy a tax on foreign travel by air by Bangladeshi nationals, irrespective of the country of origin of the journey or the place of purchase of the ticket. The proposed rate is 5% of the fares subject to a minimum of Tk. 100 and maximum of Tk. 750 per ticket. Exemptions from the tax will, however, be made in respect of travel on government/government sponsored account, by Parliamentary delegations, children below 18 years of age, and for medical treatment and Hajj. Details in this behalf will be prescribed by the National Board of Revenue.

Land Development Tax :

127. Due to implementation of various development projects by the Government the value and income of urban and other non-agricultural land have greatly increased. It has, therefore, been proposed to enhance the Land Development Tax of these lands at the rates shown below:

Category of Non-agricultural land	Existing rate per decimal (in Taka)		Revised rate per decimal (in Taka)	
	Used for Commercial/Industrial purpose	Used for residential purpose	Used for Commercial/Industrial purpose	Used for residential purpose
Certain areas of Dacca, Narayanganj, Chittagong, and Khulna	15.00	3.00	22.50	6.00
Municipalities at District Headquarters	3.00	1.50	7.50	3.00
Other Non-agricultural area	3.00	1.50	5.00	2.25

Non-Tax Revenue:

128. The cost of postal services have gone up considerably over the last few years mainly because of substantial rise in the pay and allowance of the staff and steep rise in the cost of audit, pensionary charges, house rent of P.O. buildings, mail, conveyance by Road-transport, rail, steamer and air, contingent items, etc. These services are consequently being run at a heavy deficit. In order, therefore, to meet, at least partly, the increased operational expenses it has been decided to increase the postal rates in respect of some of the items. However, in order to give relief to the common man the rate of Postcard has been kept unchanged and the rate of envelopes has been increased very nominally. . Again Mailing of the blind literature packets has been made free for the benefit of the blind. Thus increase in rates has been proposed on letters from 40 poisha to 50 poisha, Business Reply Envelopes from 50 poisha to 75 poisha, Business Reply Cards from 25 poisha to 35 poisha, Book Packets from 25 poisha to 35 poisha for the first 5 tolas or fraction thereof and from 5 poisha to 10 poisha for every additional 2½ tolas. Pattern and Samples Packets from 25 poisha to 35 poisha for the first 5 tolas or fraction thereof and from 10 poisha to 15 poisha for every additional 2½ tolas. Registered Newspapers (single copy) from 10 poisha to 15 poisha for a weight exceeding 10 tolas but not exceeding 20 tolas and from 5 poisha to 10 poisha for every additional 20 tolas or fraction thereof, Registered Newspaper Packets (more than one copy of the same issue) from 5 poisha to 10 poisha, Parcels from Tk. 1.00 to Tk. 1.50, Air Parcels from Tk. 1.25 to Tk. 2.00, Inland Aerogramme from 50 poisha to 75 poisha.

MR. SPEAKER, MR.

129 Before I conclude, I wish to discuss two policy issues. These are:

- * The relative weights of domestic and foreign resources in the financing of our development outlay, and their implications; and

- * the current world economic situation and its overall significance for us.

130 The next year's Annual Development Programme of Tk. 2700 crores will be financed to the extent of about sixty-seven percent through external assistance, and thirty-three percent with domestic resources, including the effect of new budget measures. Thus the next year's budget envisages a significant rise in the proportion of domestic financing of development outlay from its past level ranging from twenty to twenty-five percent. This reflects the important policy objective of increasing both the amount and the proportion of domestic financing while simultaneously increasing development outlay. This policy is indispensable if the momentum of the development effort is to be maintained and if with each passing year we are to move a little closer to our goal of the elimination of poverty. This policy is essential, because without it we cannot increase the use of the development programme as much as we need to. All the various measures that are taken for a higher mobilization of domestic resources demand the curbing of current consumption with an eye to the future.

131. An emphasis on a higher mobilization of domestic resources does not, however, imply that when developing countries obtain foreign assistance towards their development effort, they should feel shy about it or concerned over it. For historical reasons, there is today an unequal distribution, between the industrially developed countries on the one hand and the developing countries on the other, of financial resources, of productive capacity, of technological skill, of all the inputs for development which are the products of historical opportunities. This hinders the potential of the developed as well as the developing countries for production and progress. The unequal distribution of resources and its adverse effects can be eliminated only through the economic progress of the developing countries and through a growing volume of international trade and transactions. But if these exchanges are conducted exclusively on the basis of conventional terms at the initial stage of the process, they are bound to be very limited in volume because the developed and developing countries belong to two different epochs, two different worlds, and consequently the present export capabilities of the developing countries are far less than the surplus production potential and export capabilities of the developed countries. If the scope for international exchanges between the two groups of countries is to be explored fully, arrangements for exchanges on special terms are essential at the initial stage. Foreign aid is one such arrangement for extending the frontiers of international trade and transactions. This arrangement is beneficial for the developing countries as well as the developed; it is essential for the utilization of the full productive capacity of the world economy as a whole; and it is indispensable for the future of mankind. Various sessions and reports of the United Nations Organisation and its relevant organs have repeatedly recognized that foreign aid is not a matter of simple charity or the

developing countries, and that it is their right, the need for which has arisen in order to eliminate the inequalities stemming from historical causes. But if we, as a developing nation, see foreign aid only as an easy means for lightening our burden, and try to obtain it as a convenient device for building dream castles in the future without any sacrifice on our part at present, we cannot succeed. We have to join our own resources with resources obtained through foreign assistance and put them to use for economic development, so that our productive capacity, national income and export capability are really enhanced, enabling us eventually to trade with the developed countries on purely conventional terms. The effective use of foreign aid is not, of course, by itself enough to enable us to reach this goal, for which a radical reform of the present world economic order and international trading system will also be essential. But without an effective use of foreign aid, the way to these reforms will be uphill, and the reforms themselves will be effective only to a limited extent.

132. Mr. Speaker, Sir, we are entering the first year of our Second Five-Year plan at a time when the world economic environment is complex and delicate. There has been an intensification of worldwide inflation, and simultaneously there has been a slow-down in the growth of output in the industrial countries. The growth in the volume of world trade has registered a decline, the current accounts deficits of non-oil developing countries have gone up abruptly and are going to increase further. Simultaneous inflation and slow-down in the growth of output in industrial countries are giving rise to a critical situation for the developing countries. While on the one hand the prices of their imports of machinery, oil and other items have gone up, their export initiatives, on the other hand, are hindered by a slackening of demand in their export markets brought about by the economic slow-down, and in many cases various trade restrictions are also standing in their way.

133. A solution of these complex international economic problems will depend on co-operative effort on a world scale, in which all countries, big and small, rich and poor, must participate. But meanwhile we must take into account a simple reality: It is possible that the ideas of various countries upon the solutions to these new and numerous economic problems will not always coincide and a great deal of time and effort may be required for their reconciliation. As a result of this, there may naturally be some fluctuations in the volume as well as momentum of international trade and other transactions. Clearly, in these circumstances a low income developing country like Bangladesh must eliminate the waste of all resources, domestic as well as external, and ensure their effective use. This is what we must always do, but the uncertain international economic situation now makes this much more imperative than ever before. I am not sure whether we are always conscious of this.

Mr. Speaker, Sir,

134. The journey towards the goal we have chosen--the elimination of poverty in Bangladesh and the establishment of social and economic justice, the constitutional directives principles on which I have touched upon earlier--will

be long and arduous. Success in this venture will demand devotion and hard work from all of us. But the greatest obligation rests on those citizens of this poor country whom she has provided, in the midst of all her miseries, with opportunities comparable to those provided by many prosperous countries. Our principal preoccupation, by reason of the privileges we have been blessed with, must be the provision of a richer, fuller life for our poor, toiling masses. It is in directing all our physical and mental faculties, our knowledge and our skill, our whole being towards this one objective that our life can find its true meaning.

135. May I recall here a wise saying from a very ancient civilization: "A journey of a thousand miles begins with a single step." Let us take that single step, all of us together, and may Allah, the Merciful, help us.

Bangladesh Zindabad

CSO: 4270

NE WIN DISCUSSES PENSIONS FOR POLITICAL WORKERS, AMNESTY

BK161105 Rangoon Domestic Service in Burmese 1330 GMT 15 Jul 80

[Speech by U Ne Win, chairman of the Burma Socialist Program Party Central Committee, at meeting of Burma Socialist Program Party Central Executive Committee, State Council and central organs of state power in Rangoon on 15 July--recorded]

[Summary] Dear members of the State Council and other central organs of state power. We are gathered here today to arrange for the enactment of a law to deal with an important matter.

We must reward those who have carried out their works dutifully. We started this task about 2 months ago by awarding some financial aid. But we left out some organizations. So we must draft a bill and present it to the assembly for approval in order to be able to award financial assistance to those organizations.

This law will not materialize immediately. I asked for the drafting of a bill about 2 or 3 weeks ago, but it will require more time as a problem has arisen. That is also why we are unable to present the bill to this meeting. However, when the drafting is completed, the bill will be introduced to the assembly through the State Council.

Before naming the organizations that we have left out, let me deal with the prevailing situation and some organizations enjoying privileges. There are government organizations, such as agriculture, irrigation and industrial departments, which can be handled only by technicians and experts and not by politicians. There are also organizations at various levels handling office work. For their workers there is a retirement system which they enjoy as long as they live.

So we need a law to insure a retirement system also for the members of the division, township, village and ward people's councils which are handling the administrative tasks once carried out by former division commissioners, deputy commissioners, subdivision officers, township officers and headmen under the old system as well as all financial,

economic and social matters under the new system. A majority of them are working energetically.

"Nobody can deny that they work more than those who (?worked) under the old system and that the country is benefiting more from their work. Yet our councillors do not enjoy the kind of pension which government employees, including division commissioners and deputy commissioners, received on retirement. So don't they deserve such a pension?"

It is thus necessary to draft a law for them. In drafting the law, we must take everything into consideration, such as our financial strength. Jobs will become more interesting for them once they know that they will receive a pension once they retire. At the same time, such an incentive will stamp out corruption. But, we have to spend quite a large sum.

As they are elected and not appointed, they do not get a pension like the government employees under the old system. Yet they work more than those under the old system. Is this fair? That is why a law has to be enacted to award them a pension. We will draft a bill and it will become law if it is passed by the assembly.

"Let us review the prevailing situation. Some councillors are dishonest because they want to be dishonest and the question of getting a pension or not does not arise at all. There must be scores of such persons. In our State Council, we have come across many instances in which we have to sack a chairman or a judge of certain villages or even the entire committee of a certain region." Some become corrupt because they were uncertain about their future. However, there are also people who are corrupt by nature and we must be careful that such persons are not elected to the councils in the future.

Councillors' worries about the future will disappear once they know that there is a pension awaiting them when they retire. Both the councillors and the country will benefit from this system. It will cost the country money, but if councillors become corrupt and do not work honestly for lack of financial assistance, the country's rising economic growth will suffer, so, even though the money to be spent on them will be high, the country will still profit. These councils at various levels and also judges committees and inspectorates should receive financial aid.

Another subject I would like to deal with is organizations concerned with policy matters, such as the State Council and central organs of state power--the Council of People's Justices, Council of People's Inspectors and Council of People's Attorneys. These organizations not only accomplish the assigned tasks but also handle policy matters. Should we not give members of such organizations pensions when they retire? I believe that they deserve pensions.

Under the old system, the party elected formed a government. When election time came, cabinet members running for reelection either sought their own campaign funds or received contributions from others. After seeking contributions from the wealthy, the candidate was obligated to the contributor and had to repay him when he gained power. The contributor also expected to regain more than what he contributed. Although other countries may not agree with this, what I see is that under such a system, bribery and corruption become part and parcel of the system.

Previously in Burma, cabinets were formed after elections and cabinet members later were dismissed because of election defeat or because of political instability. However, once they left, they had to worry about their future. Although I cannot claim that all of them became corrupt because of this, we have seen those who did.

To sum up, we have two sectors--the State Council and the central organs of state power as the policy-making sector and from the state and division councils down to village and ward councils as the policy-implementing sector. The two sectors work together. We should not claim with false pride that we are working for the state and therefore we shall not take any reward. Because in reality, this will not fill an empty stomach. If we do not take any reward, we may have to resort to some other means to meet our needs. If we do so, both the country and we ourselves will suffer. So we should be open and aboveboard, act openly and speak frankly. Since this is something we deserve, we should say that we shall work and we shall be rewarded in return.

"The party was founded with people's funds and still today we are using people's funds. Is this not true? So, let us be open and aboveboard." Although I do not want to comment on the systems of other countries, I wish to say that we should do what I have proposed. So we shall draft a bill and submit it to the assembly. If the assembly accepts it, we shall do it; if it does not, we shall not do it.

We must honor organizations which deserve to be honored. We have given Nainggant Gonyi titles to those who deserve them. However, some deserving organizations were not included in the honors list. We must also give financial assistance to people who were members of cabinets who are still living and who after they had left their cabinet posts had no means of support. Most of these people have been named winners of Nainggant Gonyi titles but some are not yet included in the honors list. We should consider these persons--members of Gen Aung San's cabinet as well as the post-independence cabinets up to 1974--when we draft the law.

We have given Nainggant Gonyi titles to members of 22 organizations. Today, we realize that there are other deserving organizations, such as the Rangoon Volunteer Police Organization joined by students and youths of that time in Rangoon. A majority of these students and youths joined the Burmese Army and fought outstandingly. Many of them died in battle.

There is also the Antifascist League [AFL] which was formed clandestinely under the Japanese. The league was the predecessor of the Antifascist People's Freedom League. Members of the AFL are known only by those colleagues who worked closely with them. It will be difficult to locate these people.

There are also the University Students Union and the All-Burma Students Union, members of which later became members of the army. We are indebted to these people and should give them financial assistance.

Another subject I would like to deal with concerns spouses of persons who deserve assistance. Once their husbands die, these women do not get anything. Since the aim of the assistance is to contribute to stopping corruption of people who become corrupt by force of circumstance, I wish to propose that spouses be given at least a part of the financial assistance their husbands were receiving so that the husbands will feel secure for their spouses. We will, however, not provide assistance to the children as our financial situation does not permit it.

Another point is that we have received applications for Nainggant Gonyi titles from persons claiming that they too deserve the title. Most of the applicants do not meet the requirements although some do. However, of these applicants who reportedly meet the requirements we have found that one was an imposter with the same name as the person who worked for the country. Our investigations revealed that this latter person had passed away and the man who knew about it was using the name to claim the title.

"Another point concerns the amnesty order. We have been contacted by some people in connection with the amnesty. Some wives or families of certain individuals have approached us, and we are giving them whatever assistance we can offer. Some husbands had gone underground and their wives have told us that they want to try to bring their husbands back during the amnesty period. They asked our assistance, and since during the monsoons travel is impossible in some areas, we are providing help. In some instances, we are giving assistance so that parents or wives can bring back from abroad their children and husbands. In sum, we are assisting people to bring back people from the jungles or from foreign countries.

"In addition, some major organizations in the country have contacted us, saying that both the leaders and the followers want to return to the legal fold. Let us avoid using the words 'return to the legal fold.' They have said that they will work collectively and in unity with us wherever possible, and if this is not possible, they have asked that we just pardon their past crimes and grant them freedom to reside and travel freely and openly.

"Now I wish to make a statement to an organization which has contacted us. The organization sent two persons with a message saying that if we accept their terms, to send them a Morse signal and that they would reply and return from the jungles. We have already sent them the Morse signal. What I wish to tell them now is that we are prepared to accept them. I also wish to advise the members of the party, council and the military, that is when people in the jungles return or make contact, welcome them with open arms just as though these people were younger brothers or relatives who because of a minor argument had left home.

"Please try to avoid using harsh words or manners against these people and let them have peace of mind. If these people return, our military and councils will have one less problem to worry about. People in the jungles, particularly the organization I have just mentioned, please come back without hesitation and with confidence. I would not like to name names but the organization I am referring to knows about it. Please contact the nearest military unit or the councils quickly." [applause]

CSO: 4211

SCIENTISTS ON EXPLOITATION OF NATURAL RESOURCES

Madras THE HINDU in English 5 Jun 80 pp 7-9

[From the "Outlook" feature: Minutes of a discussion by four outstanding Indian scientists of the problems of exploiting natural resources]

[Text] [THE HINDU Editor's Note: "Prof. Hari Narain, who is Vice-Chancellor of the Banaras Hindu University since May 1978, obtained his doctorate in geophysics from Sydney University. He was the first Asian to be appointed lecturer in geophysics in the same university. Returning to India in 1956 he joined the newly formed Oil and Natural Gas Commission in Dehra Dun. He was in charge of petroleum exploration programme in the Rajasthan, Gujarat and Cambay regions before his appointment as the first Director of Research in the newly formed Research and Training Institute of the ONGC. While Director of the National Geophysical Institute, Hyderabad, he set up a new CSIR research laboratory in the field of earth sciences. He was also a Surveyor-General of India between 1972 and 1976. A member of several national and international expert committees, he was awarded Padma Shree in 1974. A specialist in basic and applied geophysics and groundwater and mineral exploitation, he has to his credit a hundred scientific and technical papers in Indian and foreign journals.

["Prof. C. Karunakaran, Director, Centre for Earth Science Studies, Trivandrum, carried out a study of the iron ore deposits of Kanjamalal in Salem district (Tamil Nadu) and published the findings in 1942 which formed the basis for the setting up of the Salem steel plant. He served as Geologist in the Department of Mineral Survey in Uttar Pradesh before joining the teaching staff of Presidency College, Madras, and later the Andhra University, Waltair. He joined the Geological Survey of India as a scientist in 1948 and became its Director-General in 1974. He was associated with the discovery of oil in the Cauvery basin and the development of the strategy of exploration in the Godavari delta. A member of several expert committees on mineral resources and oceanography he has participated in a number of international scientific conferences.

["Mr. V. S. Krishnaswamy, Director-General, Geological Survey of India, Calcutta, was associated with project planning, investigation and construction

of various dams in Orissa, Punjab, Himachal Pradesh and Uttar Pradesh. As Director, Engineering Geology Division for a decade since 1959, he had guided major river valley projects in several States. He planned and executed the formation of the first Geotechnical Laboratory in the GSI in 1970 in the Northern Region. As member of the Hot Springs Committee of the Irrigation Ministry, he made the first comprehensive review of the country's geothermal resources. A past President of the Indian Society of Earthquake Technology and Indian Society of Engineering Geology he is now Vice-President for Asia-International Association of Engineering Geology and Geological Map Commission of the World.

["Dr. B. P. Radhakrishna is an expert in groundwater, particularly in hard rock areas, economic geology and base metal exploration. For nearly 16 years from 1937 he was engaged in geological and mineral surveys in different parts of Karnataka. In 1965 he was appointed Director of Mines and Geology in that State. He organised the State Groundwater Cell for development of groundwater resources, and carried out feasibility studies for groundwater development in parts of Uttar Pradesh, Andhra Pradesh and Maharashtra. A recipient of the National Mineral Award, he was elected Fellow of the Indian National Science Academy in 1972. After his retirement as Director of Mines and Geology in 1974 he was appointed Adviser to the Karnataka Government on groundwater resources."]

Prof. Hari Narain

Gentlemen, I am indeed very happy that The Hindu has been publishing detailed discussions on various topics of great national interest in its OUTLOOK series, and today we are meeting to discuss the situation with regard to our country's natural resources.

Broadly—as we all are scientists—we feel geology and meteorological conditions in the past and the present basically define all our natural resources: the replenishable ones like land, soil, water, forests and wildlife and the non-replenishable resources like minerals, petroleum, coal. We also get from geology and meteorological conditions, other non-conventional resources such as sunshine, wind, tides, hurricanes, hail storms, heat in the earth, the stresses in the earth which again as research and development activities proceed, could possibly be harnessed for the good of the human being; and then, of course, we have natural—under this category also—the large human resources, their characteristics, their behaviour, their attitude to work and all that—these are basically determined by the situation on the globe (that part of the land where we are inhabiting) and also the meteorological conditions.

On looking at the totality of our natural resources, we should really

discuss as to where we have reached with regard to the status of our surveys, of our various kinds of resources and what needs to be done further.

As we have seen, most of the developed countries and even the developing countries today have given the highest priority to the surveys of their resources because only after knowing what they are can policies be determined with regard to industrialisation, agriculture and so on. So it is important that our resources should be properly assessed, and once we have a fair idea of our reserves we should be able to determine their exploitation over a number of years so that we are able to use them till such time as the substitutes are available or science and technology has advanced enough to provide alternative materials.

Let us first discuss the position of minerals which form a very important component of our non-renewable resources and, maybe, Mr. Krishnaswamy could tell us something about the present status of the surveys in the country, the position with regard to minerals which we have in sufficient quantity, other minerals where we are deficient and also other minerals where we just don't have any deposit.

Mr. V.S. Krishnaswamy:

Yes indeed, before we can launch upon any mineral resources evaluation, the basic requirement is at least to have a geological map of the country and this on the accepted scale of 1:50,000. Now, of the total 3.2 million sq. km. of the country, the Geological Survey, which is the prime agency for doing this basic mapping—we have covered about 54 per cent of the total area and we expect to cover the remaining 46 per cent in the next 10 years or so. With that end in view we are trying to build up our personnel resources to be able to tackle this job.

As far as the mineral resources position is concerned, I think many of you are aware that we have really made important finds in recent years and of the 48 minerals we consume in all our industries we find that today we are self-sufficient in as many as 28 of the 48 minerals—as for the rest we are in various stages of deficit.

To think in terms of world important minerals... now if you... I don't know how you define the word important minerals... I would tend to define it as minerals in which we have a large tonnage and grade of ore which can command an international market or minerals in which we have what shall I say, monopoly amongst a few countries... It is not spread out so uniformly, there are certain peculiar mineral associations which are found only in certain parts of the world, so you may say, that if you have them, you can consider yourself to be having the supply of world important minerals.

Now, in that category, as far as our country is concerned I would list mica, iron ore, bauxite, manganese baryte, and I think at this point I must say that Mr. Karunakaran will share with me... he was responsible for bringing out the fantastic deposit of baryte in Madhya Pradesh. I think we have... we rank number two in the world now?

Prof. C. Karunakaran

Yes, the world's largest deposits.

MR. KRISHNASWAMY: Second largest deposit of baryte.

PROF. KARUNAKARAN: The Manjampetiah deposits in Cuddapah district.

THE HINDU: Who is the first? PROF. KARUNAKARAN: Nevada in the U.S.A.

Mr. Krishnaswamy:

But even here, I think, this is probably the largest single deposit of baryte in a country. And, likewise in bauxite I think the recent East Coast Bauxite project has given us a fantastic reserve position of 1,200 million tonnes, and these are all recent inputs by the Geological Survey organisations, both at the State and the Central levels which have tried to build this up.

Well, coming back to the list of what we consider to be world important minerals in which we think we have quantities that we can be proud of and we can build upon. Continuing that list... steatite, gypsum ore, of course, bentonite, cement limestone... But then minerals of which we are self-sufficient as far as present day requirements are concerned, or near future requirements, I would put it... manganese chromite, metallurgical coal, base metal minerals, kyanite and sillimanite.

In some of these, say, take for example base metals... I think Dr. Radhakrishna will have something to say on that, although we talk in terms of reserves one would consider we are self-sufficient but in terms of production we are not able to meet the total requirements and we are obliged to import. I think there are considerations of the price of the ultimate product, the metal that you get out with the Indian ore and the price you pay for the ore or the concentrate which you get from other countries; that puts a... what shall I say, brake on developing our own total or reserve capabilities in terms of production.

Talking about the deficit minerals, I think, all of us know off is the... oil tops the list of deficit minerals; next comes the rock phosphate, although even in this field... I would say that hardly about 20 years ago we did not have any rock phosphate deposit of any importance excepting... I think the Sangbhum Aptite. But the discoveries, first in the Himachal Pradesh area, the Musorie rock phosphate, followed by the Rajasthan Birmanis phosphate, and the famous one Jamarakpura which is not only the world's oldest phosphate deposits, it is one of the largest which we have got in the country now.

Then, graphite, tin, tungsten, nickel, asbestos of the chrysotile variety and the diatomite. Now, from this, our efforts have been to lay and mount additional endea- your to locate more deposits of these, we have launched one national programme, particularly for tin which India hasn't got at all, but we have indications now in Madhya Pradesh territory and we

have launched programmes for that, and also for fertilizer minerals about which... also we are very short... practically absent... potash, we don't have potash at all for supporting our fertilizer mineral industry. For that also we have launched programmes: sulphur, cobalt, molybdenum, molybdenum, probably. I don't know whether I am correct, excepting the Karambathum molybdenum in Tamil Nadu.

Dr. B.P. Radhakrishna:

I think, perhaps you cannot say that it is not available; we have plenty of kyanite resources which can be converted into...

MR. KRISHNASWAMY: Yes, if you convert it...

Dr. Radhakrishna:

If you have the technology to convert it into what you want... that is where... I think, if you take it that way, nickel is also available but we have not processed our ore to get the nickel. So really crucial metals that we lack are tin and mercury.

MR. KRISHNASWAMY: Tungsten also, won't you say...

DR. RADHAKRISHNA: Tungsten, I think, the scheelite deposits that is now coming up...

MR. KRISHNASWAMY: It is coming up... we are yet to assess...

DR. RADHAKRISHNA: These are available, but we have not... the technology has not developed to utilise those resources. Tin also is available to a certain extent, but whether it is promising, you will have to tell us.

MR. KRISHNASWAMY: That's one... we are in a stage where we are yet to assess what is the total availability...

Dr. Radhakrishna:

So far as the non-availability minerals—molybdenum, platinum, cobalt, tin, antimony, arsenic bismuth, and possibly crollite for your aluminium production, but besides this, I think, all the rest we have in a certain measure. In

fact, India for the size, it is very well endowed with a large number of minerals, though we may not have of world importance or of the magnitude of millions and millions of tonnes; but what we require, we have certainly the resources, but what is

needed is the technology to convert our mineral reserves into resources.

Prof. Hari Narain:

But would you say that we have enough data with regard to establishing the reserves of the minerals as such. I suppose we have indications, we have some mineral shoals and deposits here and there but I don't think we have done enough to really establish the reserves and the grade and then also, as you rightly say, technologies to exploit and refine them.

Dr. Radhakrishna:

My point is, we should focus our attention to resources which are available and make the... put the best efforts to prove the reserves available and also develop the technology to utilise them. Merely digging and exporting in the raw state as we have been doing in the case of iron ore and manganese ore which are strategic minerals... chromite for example even baryte, we have gone exporting in the raw state; bauxite we have started exporting just in the raw state, getting a few rupees for every tonne, but these are absolutely essential for improving our standards.

Prof. Hari Narain:

I think, you have raised a very important point. Dr. Radhakrishna, with regard to our export policy in respect of minerals, I think we will have to devote a little more time in our further discussions on this very aspect. I think it is extremely important for a country like ours. Now, coming back to the present status of our known deposits and also the need for larger surveys, don't you think, Mr. Karunakaran, that we have to really mount a very large scale integrated programme to first establish our resources, the reserves, whatever we have, in this mineral sector.

Prof. Karunakaran:

Yes, Dr. Hari Narain, when we think of the development of our exploitation programme after Independence, based upon the Industrial Policy Resolution and so on, it makes a very interesting study. You all know that, in ancient times, India had developed a great deal of technology in the mining of a few minerals and extracting some metals... as in various other civilisations, we had the copper age, bronze age and the iron age and so on.

Throughout India when we see the deposits of metallic minerals we find that our ancestors had mined these deposits from the surface right down to the ground-water table, where water saturated, and it was not difficult to pump it out, or down to the levels of ground stability. But after Independence, we have gone into this mineral exploration and development programme in a very big way.

You take the Geological Survey of India itself. Before Independence the Geological Survey which included the territories now of Pakistan, India, Bangladesh, Burma, Sri Lanka, perhaps even including Aden, we had a very small team of geologists perhaps not more than about 20 or so; but after the Industrial Policy Resolution of the Government of India, you see the present position; there are 1,000 scientists, geology, geo-physics, geochemistry, drilling teams, very highly developed, sophisticated methods of survey and so on. So as a result of this our knowledge of the deposits throughout the country has increased enormously—the details perhaps Mr. Krishnaswamy will be able to give—how much we have blocked out in reserves of iron ore, manganese ore, mica, barytes and various other minerals.

You see, in ancient times, civilisations used very few minerals or metals. Now we use altogether—Mr. Krishnaswamy said there are about 40 or 50 important ones—but all told the possible use of about 200 and odd metals and minerals.

MR. KRISHNASWAMY: They are only industrial...

Prof. Karunakaran:

Yes, industrial minerals... The Geological Survey and the Department of Mines and Metals have classified these mineral deposits into ferrous groups, non-ferrous groups, energy minerals and industrial minerals. Industrial minerals cover an enormous variety, raw materials for cement, raw materials for ceramics and a host of

other industries. Now, exploration of all these minerals has been going on for the past 20 years and Mr. Krishnaswamy will be able to say from the records how much we have increased in our knowledge of our resources, how much of the various reserves we have blocked out, and so on.

Now, in the method of prospecting itself, we have developed many sophistications. As we progressed with our work during the past 20 years our knowledge of geology has changed vastly, throughout the world, the concept of evolution of the earth itself has changed very rapidly, the most remarkable being the development of... the concept of plate tectonics in the evolution of continents and oceans. And this concept of plate tectonics is related also to the development of mineral deposits in the various identifiable and localised areas. This concept has been very useful because many of these primary mineral deposits developed in specially localised zones on the earth's crust where there are zones of weakness which open down to the layers of the earth, below the earth's crust.

These are fundamental studies which are of great value in the prospecting of mineral deposits. And these techniques are also being gradually adopted in India by the Geological Survey of India and other organisations. Now, when... at the time of Independence we had only one Geological Survey of India, then the country decided that there is need for prospecting for oil; so a small team of scientists broke off from the main body under the direction of the then Cabinet Minister, Mr. K. D. Malaviya and that nucleus grew very rapidly into the Oil and Natural Gas Commission.

I remember, at that time, the Geological Survey had a budget of over Rs. 5 crores or something, this offshoot from the GSI of four or five scientists developed into a Commission operating about Rs. 30 crores...

PROF. HARI NARAIN: Now it has a Rs. 600-crore budget...

Prof. Karunakaran:

...it has got Rs. 670 crores. The result of that budding out from the GSI was that we had a good scientific basis, we knew which were the areas where oil was likely to occur and equally important which were the areas where oil could not occur. The entire, almost the whole of... peninsula contains the granite or crystalline rocks where oil cannot occur.

Oil occurs in sedimentary basins in selected areas; the Cauvery basin in Tamil Nadu is one such example. Then, the various deltas of the mighty rivers which flow east in the peninsula, they are other locations. And the Gujarat area was another location. So, soon after the formation of the Oil and Natural Gas Commission, one test well was done in Gujarat, and the first well was a success.

This is the indication of a scientific approach and this is the result of all the background study which has been going on for the last several years by the Geological Survey of India. There is a geological map which shows immediately which are the potential areas, and the work has been going on in that direction of oil prospecting.

Then, when you take up radio active minerals, again a small nucleus of young scientists broke off from the Geological Survey of India and they developed the Department of Atomic Energy, the Atomic Mineral Division, and they have been carrying out... they grew into a large department and they have been carrying out prospecting for radio active minerals. I think much of that knowledge is possibly classified, we really do not know in great detail, in fact we do not know a great deal about how much of it has been located and so on.

Similarly, we developed the Indian Bureau of Mines which also started as a small offshoot from the Geological Survey of India. Side by side with this, with the growing consciousness of the importance of mineral deposits in modern economic development, India developed geology departments in all the States of India. Now we have in every State of India a Directorate of Mining and Geology, a counterpart of that, a circle office of the Geological Survey of India and maybe also branches of other organisations, Department of Atomic Energy, Oil exploration and so on.

MR. KRISHNASWAMY: Ground water also.

Prof. Karunakaran:

Yes, now ground water again, looked as a unit within the Geological Survey of India but there is a major programme under the TCM programme of ground water exploration because agriculture was given a very high priority by the Government of India and for agriculture we need ground water besides surface water. So that has again broken off from the Geological Survey of India and formed the Central Ground Water Board, linked with a very large drilling team under the Department of Agriculture.

Prof. Hari Narain:

My feeling has been that, of course, tremendous efforts have been put in by the Geological Survey of India and various other organisations, but I think the concept of a systematic scientific work followed by starting from the airborne surveys, followed by geological, geophysical and geochemical teams on the ground—this has been of recent history only, and I am glad that the Geological Survey of India has taken the lead and

PROF. KARUNAKARAN: And they have put satellite imagery before...

Prof. Hari Narain:

That is photo interpretation... yes, that is also coming in, that is very important... And I think there is still tremendous need to systematically survey our areas on priority basis so that we may be able to establish the reserves what we may have and have a more

detailed information. You have very rightly mentioned, Mr. Karunakaran, that the basic concepts are essential.

Of course, they have got to go side by side a number of research institutions have also come up, like the Wadia Institute of Himalayan Geology, the National Geophysical Research Institute in Hyderabad which has been developing a number of instruments and interpretation techniques and has also covered a number of areas from the air and on the ground.

So what I think we need, and maybe we can discuss it, is the exploration philosophy and task-oriented large-scale exploration programmes from the air, localising the areas on the ground and then doing intensive work and establishing our reserves. I think, this systematic work for various reasons in the past we have missed, and I am glad that the GSI has taken that up under your leadership, Mr. Karunakaran earlier and now of course, Mr. Krishnaswamy is very much wedded to this programme. Maybe you would like to say what you have initiated in the systematic survey programme.

Mr. Krishnaswamy:

Actually, you see we have all the indigenous capability, the National Geophysical Research Institute to develop the instrumentation for use on... for the airborne surveys and all that; the Geological Survey through contractual projects with France and the U.S. knew how to go about the job, the logistics, the preparation of the pre-flight data and all that; but the first part was we could come together really, we had the flying

capabilities. I am very glad to say that I think in the last two, three years now, we have been able to put all these people together and we have launched upon a national programme of coverage on airborne survey basis.

And, as Prof. Hari Narain very rightly remarked, unless you start off with a total scanning of the whole country from the air, get geophysical indications, then follow up the target areas in the ground, probably, it wouldn't be

as systematic as one would wish. Even to a remote sensing technique, we have used, but I think Dr Radhakrishna will be able to bear me out, we are still in the hurricane-lantern age as far as the use of lands and data are concerned, we are only doing the imagery part, we are still to make headway in using the digital data, spectral data and using computer analysis of the spectral data which we have not mastered.

We have got a lot more to do; when we try to do that, we are trying to import the technology from the Australians who have done particularly for mineral resources, maybe we will be able to break new branch on this. We expect with this national programme of aeromagnetic surveys at least should be over for the high priority areas in the next 10 years time; then we have the challenge of how to go about doing this job in the Himalayas and there again, I think, the National Geophysical Research Institute and the GSI working together we should be able to design

the equipment suited to helicopter surveys there in the Himalayan terrain particularly for the middle Himalaya and the inner Himalaya, and I think the whole picture of our total resource potential is likely to change very vastly once we have the total synoptic view of resources. Perhaps, you may have to say something on this, Dr Radhakrishna...

Dr Radhakrishna:

As I told you, for the size of our country, India, we are fairly well endowed with mineral resources. But what is not very satisfactory is how we have gone about utilising these resources. Apart from coal and oil which are, of course, very necessary for our industrial economy the bulk of our mineral production is export oriented. Self-reliance is still a far off goal.

The resources are known, the geologists are daily adding to those

resources, but the technology is lacking for utilising these resources to produce the metal. Take for example the copper resources, nearly 400 to 500 million tonnes. There was a time when we were told India had no resources of copper and it had to depend on imports for ever. But thanks to the Geological Survey and several State organisations a large number of copper deposits have come to light. Unfortunately our planners are thinking of operations on a very big scale, small projects don't seem to appeal to them at

all. But self-reliance can be conceived only through small beginnings.

We cannot certainly jump to a production of millions of tonnes by completely mechanised mining. We cannot build ourselves by borrowed money or borrowed know-how. It has to be through indigenous capability, indigenous problem solving ability. This is one thing which we must really emphasise. If we are to use our mineral resources to the best advantage of our country, Prof. Narain used to say unless you know how to use a mineral better let it be allowed to be buried. The use of a mineral resource is as important as discovery.

Prof. Hari Narain:

I think, Dr. Radhakrishna, you have raised two very important points. One of course, the need for systematic work and establishing the reserves which we have discussed earlier also. I am reminded of ... as far as copper is concerned, of the example of Khetri where we have been involved for over 20 years and still we have not yet been able to produce enough; and then the second example is Malanjkhand where when we went systematically with copper exploration techniques and what not, we have been able to establish a much better reserve there, and I think we are on the way to exploit that very shortly.

So, unless we have a systematic coverage and then decide on the priorities and the viable areas to exploit we may get involved in areas like Khetri. This is a very important point.

The other point which you mentioned, I think, needs even greater importance and that is the small deposits here and there which are in large number, and for various reasons we have neglected them so far.

DR. RADHAKRISHNA: And they are more evenly distributed.

Prof. Hari Narain:

So, I think it is necessary for the Government to come out with a clear and well-defined policy with regard to exploitation, whether they want to do it in the public sector or they want to allow the private enterprise to come in this sector as far as small mines are concerned, the small deposits are concerned, I think, it is very important.

Coming back again to our research and development activities, I think, whereas we have established a large number of research laboratories, we have not yet been able to dovetail the research components and results into our actual practice. And, here in the

field of our resource programme also we see the deficiency.

You have rightly talked about appropriate technologies to be able to make use of the type of ores we have, but we have not yet been able to really process them. It is very important that agencies like the National Metallurgical Laboratory in Jamshedpur and various other research laboratories, put in their efforts to see what we can do with regard to these low grade deposits.

The other thing which is also important is that, as we go along and the better grade, or higher grade ore deposits are getting exhausted, we have got to look into deeper deposits and also lower grade deposits and develop the survey technology so that we can explore them — deeper deposits, low grade deposits — and also technologies for our metallurgical processes so that we can process these ore deposits.

And, I think these are areas of high importance as far as research in this sector is concerned, where we should devote our attention.

Dr. Radhakrishna:

In mineral technology, ore dressing, melting ... metallurgy, it is here that we have very little expertise. We have, so far as the resource potential is concerned, any number of good geologists who can go about the country and survey and prove the reserves, then they can estimate the established reserves of various grades. But when it comes to simple metallurgical treatment of ore dressing even a small plant of 200 or 300 tonnes capacity (you cannot have men to manage that today; there are hardly one or two technological institutes which are teaching metallurgy and that too, metallurgy from textbooks) ... and going to plants which are treating millions and millions of tonnes every day ... So that is not really answering our ...

PROF. HARI NARAIN: Well, I am glad at least the Banaras Hindu University has been foremost in this area, we have produced a large number of metallurgists.

Dr. Radhakrishna:

You see, they are small. What I say is, suppose we take for example the Bhadravati Iron and Steel, we started as a very small ... it is a toy plant, it is on less than a pilot plant scale, but still with that experience we gave general managers to all the public integrated steel plants which came up with this experience which is borne out of your own trial and error method, if it is borrowed

technology as well, need to come to overcome this difficulty.

As we must immediately start on achieving the target set in the five-year plan, this is every day's business. Because the resources are scarce. Take for example, iron, steel, copper, which are not something, taking hundreds of thousands of years every year. These are scarce resources are coming from the technology is coming to produce the metal. So unless this is highlighted matter, the need is there we are not going to do it. We will be still depending very large number of iron, steel and copper. We are exporting 15 million tonnes of iron and quality iron ore for getting the source of foreign exchange, whereas we have imported around 10 million of iron and steel, paying more than the foreign exchange that we have earned. Is it not a failure for a country like India?

Iron and steel production has not at all improved. It has remained stagnant for the last five years whereas China has already reached the 10 million tonnes stage. Japan will be producing at all, is the world's leading producer of iron and steel. It is a mistake to say that mineral riches contribute to the prosperity of a country. Take for example, Niger State, which has 80 per cent of our mineral resources but still is the poorest State in the Indian Union. Jharkhand, which has not got a single mineral resource, has become one of the advanced States in the Indian Union.

MR. SRINIVASWAMY: That is because of agriculture.

Prof. Hari Narain:

Knowledge is the mother of all resources. Unless we develop the technology, unless we develop the knowledge for search, unless we develop the knowledge to utilize that and produce what we want — this is necessary step first.

The best is our water and iron ore — that is the main resource. We have to develop the technology to use it. We have to develop the technology to use it. We have to develop the technology to use it.

PROF. S. S. NARAYAN: No, that is not a large country like ours.

Dr. Radhakrishnan:

In India traditionally our whole Indian culture is simple living and high thinking. At least on paper it is. But a large number of people are still not wedded to this discipline of simple living. For example, the education was introduced by the British and National Education Commission, you have discovered — really it is a million tonnes of oil is being produced today. 10 years ago there was not even an ounce of oil. But the demand for oil has gone on increasing. You are importing from every continent and even from ourselves. We are getting one hundred and millions of automobiles on the road consuming more and more of this oil. Is there no sensible way of stopping that? And, something — raising the demand for oil —?

PROF. S. S. NARAYAN: I think this is more necessary.

MR. RAMAKRISHNA: You see, for the 15 million tonnes of oil that you are importing, you have spent Rs. 1,000 crore, very much more than all the entire mineral production in the country, is it justified?

Prof. Hari Narain:

Coming back to Dr. Radhakrishnan — with regard to export policies, with regard to our raw materials, you make a point that we should not be exporting our raw materials, raw minerals. But then the country is faced with a situation of having to earn foreign exchange for various other essential imports, so how do we go about it? I think, there is a country where you are faced with a situation — and iron ore, manganese, all these seem to be available easily for export purposes —

Dr. Radhakrishnan:

No, where is the foreign exchange? You have spent Rs. 100 crore for exporting 50,000 tonnes of iron and steel, whereas you have got a quantity of Rs. 200 crore out of exporting 15 million tonnes of our highest grade of iron ore.

Prof. Kari Narain: What do you think, Mr. Krishnaswamy, what are your views?

Mr. Krishnaswamy:

The argument that he is giving is that why did we import steel, but he doesn't rule out the logic of exporting to be able to earn foreign exchange. But actually whatever benefits you derived had been nullified by the import of steel; so there is need...processing is required.

Dr. Radhakrishnan: The point is, we should produce the iron and steel we require.

Prof. Karunakaran:

Dr. Radhakrishnan has raised a very important point that although we have developed a great deal of expertise in survey and exploration of minerals and also of excavation and taking out these minerals, we have not developed side by side the necessary research and development in the utilisation of the raw materials. This is where apparently we have not progressed satisfactorily.

We have only one national metallurgical lab, and there are thousands of mineral deposits all over the country. If they have to be tested, everybody cannot go to the single laboratory, and if you send a sample there, it often takes two years or so to get the results. Similarly, in ore beneficiation of various types: you have graphite, you want to beneficiate it; or you have the sulphide minerals, you want to float and concentrate by froth flotation; this testing has to be carried out.

As we should have many more such testing laboratories, we should have many more training centres. The IIT in Madras...it has got a first class laboratory for ore dressing, we should have more and more students trained there, and more and more institutions which can absorb these trained students so that we can have beneficiation tests, beneficiation technologies and various methods of utilisation of our minerals with their peculiarities of compositions, gang minerals, base minerals and so on. We should develop this technology.

Mr. Krishnaswamy:

There is one more point which I would like to mention in connection with the remarks made by Dr. Radhakrishnan, very valid, that regarding our small mineral deposits. Now, when you come to think of it, we don't have the technology for design of a smelter of the capacity which is suited to the small drops. Whatever you have got, you have to copy from the world available industry; we are not capable of producing a smelter which can support a 100-tonne plant or...that's a great drawback.

Then we have this difficulty of multimetal composition; we have still to depend upon foreign technology, as they are having with the Russians and other countries; I think, research and development on these fields, I entirely agree, otherwise we have found so many minerals and everything but we have not been able to take them from that stage on towards production, that is the greatest handicap we are facing; I entirely agree with him.

PROF. HARI NARAIN:

I think we have discussed the minerals in fair detail and the general conclusion we arrive at seems to be that we have done fairly well and we have got good deposits but we have to mount a large-scale systematic airborne survey programme from which we have to come down to the ground with integrated geological, geochemical geophysical investigations and then go hole-drilling and establishing our reserves as early as possible.

PROF. KARUNABARAN: I would say a multidisciplinary approach to mineral explorations...

PROF. HARI NARAIN: Fine. Then we have also side by side to mount a fairly big programme with regard to mineral extraction and beneficiation and utilization of these.

MR KRISHNASWAMY: Metallurgical treatment...

PROF. HARI NARAIN: Metallurgical treatment of these ores.

MR KRISHNASWAMY:

I think when you find the known deposit which is brought out by the work of the geologists and geophysicists can be converted into a current account, you see; otherwise it remains as a fixed deposit which you are not able to draw at all.

PROF. HARI NARAIN:

...we have got all the known technologies for our survey and for establishing our reserves; we should also develop technologies for survey of deeper deposits low grade deposits and also go into the metallurgical research programmes so that we can utilize these reserves.

And, I think you seem to say, Dr Radhakrishna, that we have to be very very careful with regard to our export policies as far as mineral export is concerned; I think this is important, we have had a sad experience with regard to our manganese ore deposits; we have practically exhausted all our very high grade good quality manganese in exporting it; it has happened

in mind, now it seems to be happening... it has happened with vermicite, this seems to be happening with our high grade iron ore deposits. Now, can we switch over to...

Dr Radhakrishna:

One more point, gentlemen, which I would very much like to place before this group, is that the knowledge collected by the geologists must be published, it must be for the information of the entire country. Even the mineral statistics, our mineral yearbook, the latest that we have received is 1975. So the real information is not flowing, there is a big communication gap in our country.

Publication effort in one field in which none of these organisations has given thought. Even our... what is our position of oil? Let alone students of geology, or administrators, the colossal ignorance that is prevailing in our country about the resource which consumes nearly Rs 2,000 crores of our foreign exchange; so this is something which even newspapers will have to take up the cause, to educate our public about the disaster that is facing us in unnecessarily... I mean, uncured increase in our oil consumption.

PROF. HARI NARAIN: Fine.
DR. RADHAKRISHNA: Oh, this is the point which I said has to be highlighted in all forums...

THE HINDU: Who should publish, who should be responsible for publishing it?

Mr. Krishnaswamy:

I would like to add a few remarks to the first part of it. I think he has got a point here that once you publish the material, the information that you collect, it doesn't give you the false belief that you wanted that information to generate. There has been a lesson in this. I remember going to the U.S. and seeing how they have been taken back by the industry Bureau of Mines and the Geological Survey to remedy the deficiency. Now we have recognised the publication committee, instead of centralising it and now publications will come out from each region, state and also centrally... being brought out much later than before.

PROF. HARI NARAIN: You have a proof of your own...

Mr. Krishnaswamy:

We have a proof of our own, now which was not there before, and I think in the next few years, we will be able to catch up with our backlog and see that our information gets published quickly. But on the whole I would say,

India as a nation, from what I have seen, compared to the foreign nations, they immediately write out and publish the material... We seem to be a little slow in being able to record and send that...

DR. RADHAKRISHNA: Apart from publishing it, it is the form in which it is published... some of the reports defend themselves against being read by their very ugliness. So this is again...

PROF. HARI NARAIN: Yes.

Dr. Radhakrishna:

So this is again very important, official publications, they are... nobody bothers to read them, it is presented in such a miserable fashion, so thought is given, studies or papers are spent on investigation, but when it comes to communicating the results nobody is interested, nobody corrects, even the proof is a lot of mistakes, mistakes become thousand tonnes, so the statistics are of no value at all.

Prof. Hari Narain:

I think the point is well taken and I think we have to be careful about it. Now, can we discuss something about our coal deposits because this is another very important national resource which for various reasons we have neglected over the years, and it is only now since 1975 when the oil price hike has been there and

every other day we have heard of increases in oil price we are becoming more conscious about exploration and exploitation of our coal reserves.

We have been told that we have pretty good coal deposits and a lot of reserves which can last probably 200 to 300 years. But I think the exploitation of our coal reserves has been very slow. We had a target of producing about 100 million tonnes per year in the late 60's or so, but somehow or other we could not achieve that target ever till today. So, Mr. Krishnaswamy, would you like to say something about our coal deposits and what has been really the main reason for not being able to make full use of our coal deposits?

Mr. Krishnaswamy:

I don't think it is for want of the resources, anyway, as far as the resources position is concerned, I agree, the results of the work for the last 20 years or so has pointed up our resources, potential to 60 billion tonnes of coal, of which we have been able to convert into a proved category only about 15 per cent of the total resource potential. Also, of the proved resources we have about 15 per cent coal of superior quality with less than 10 per cent ash, and with 15 to 20 per cent ash, we have about 45 per cent of the total and the rest is more 'dud' quality.

So the efforts that the exploration organisations should make — because the Geological Survey does only the basic regional resource evaluation and we have to be doing about 30 or 40 drills entirely for regional resource evaluation for coal — and the other exploration agencies, of the detailed exploration agencies like the Mineral Exploration Corporation ... would you be surprised that the Mineral Exploration Corporation has got 100 drills only for exploration of coal? So that is as far as proving the potential is concerned.

Although we have this 60 billion tonnes, of course all of us know that the mining coal reserve is not thing which is not quite satisfactory, that the entire mining coal is found only in the Jharia-Khatia coal fields and we have not been able to locate mining coal in any of the other fields except some minor extensions of some fields. So, the real problem is really about our mining coal and in fact I think whatever import of coal was there, it was mining only.

Dr. Radhakrishna:

The importance of the discovery of oil in India has also been partly responsible for the slowing down of coal production. It has remained almost steady between 60 million and 40 million tonnes for the last 10 years. So actually coal production should have gone on increasing. In the same period China has increased from 100 to 200 million tonnes.

So, coal is our main material for our energy utilisation. More thermal plants — our coal is mainly suited for thermal generation, though it may not be for other purposes, not all of it. So the most important consideration would be given to the development of coal mining and the development of the infrastructure to ensure that coal for production of electrical energy.

Now the path of development of resources and I am that it is not the correct thing to do. A better policy would be to convert them and then produce the electrical energy. We are using our coal. How can you think to import oil at Rs 1,000 crore? If you continue to do that ... it is more than the coal value of Rs 1,200 crore, as you are consuming. So, 2000 crore of our foreign exchange.

Prof. Hari Narain: I am not up to our requirements of

DR. RADHAKRISHNA: It will be more unless we take control over itself and increase our coal production, the next 10 years is going to be disastrous ...

Prof. Hari Narain:

The tense situation somehow has been ... of course, we have discovered oil in the Bahmani area and also in the Cambay-Gulapoli region, but the reserves on land have practically remained static, say upto 150 or 160 million tonnes all these years since 1945 or 1946. That was the reserve which we had established by 1965.

At the same time the utilisation of petroleum even for fertiliser plants, for petrochemical units and all that has been mounting up knowing fully well that we have not been able to add to our petroleum reserves. So basically the fuel policies of the Central Government have somewhat not been very well defined and they have not taken full note of the developing requirements, increasing requirements of the country and also what combination of different sources of energy we have got to really utilise for best results.

And, that is where I think, coal has lagged behind and we have been increasing the consumption of petroleum and it is only now that the import bill is reaching to about Rs 1,000 crore that we are giving more attention to our coal deposits.

But we have the problem of coal in the sense that it is localised in certain areas only and the country is vast carrying coal to different corners of the country for energy production has become a little problem also. So may be that has come in the way of development of coal. But what do you think, Prof. Karunakaran, don't you think that all said and done, we must go ahead with the large scale coal exploitation for our energy resources?

Prof. Karunakaran:

Yes, in fact Narain was right. I have been in the coal area, most of which is concentrated in Bengal, Bihar and Orissa and I was also on the committee after the Channarayana disaster. This highlights the problem of coal mining. Because there appears to be various difficulties in developing efficient coal mining there appears to be something wrong so that such disasters take place. Mining goes on in old excavations which are filled with water and with one blast the entire mining personnel of 300 odd people are shipped and drowned within minutes. There is some

defect in the technology apparently; this should be improved. The mining techniques should be improved, the research, the study of the safety conditions or the optimum conditions under which coal should be extracted should be improved, more than anything else the living conditions of the people in that area should be improved.

As Dr. Radhakrishna pointed out, the people are very backward in the Bengal, Bihar, Orissa area. If you go to the Jharia coalfield, which is in the heart of the coal-producing area, well it is a veritable hell on earth, people live under such miserable conditions there is a fire going on under ground, almost within touch of the Jharia coalfield, the miner is so miserable. We should go into it in great detail, improve the environment of the miner, improve the technology, educate him and thereby ... it has to be a very broad-based study of the total conditions of the mining industry in such areas.

Coalmining is a difficult and dangerous job; there should be proper compensation. I suppose they are very well paid but the education level is very very poor; their living conditions are very poor and I don't think they get anything. As Dr. Radhakrishna pointed out, the people are very poor in spite of all the money spent on them and the amount of wealth that they take out of the ground. So, there is a very grave necessity for improving the working conditions, for improving the technology.

DR. RADHAKRISHNA: So far as Tamil Nadu is concerned, there is need for improving the lignite production. It has remained stationary at four million tonnes for the last seven years. So, lignite should be produced and we must produce the energy and reduce the dependence on this oil, with 2,000 million tonnes of reserves of lignite that we have should we be satisfied with four million tonnes of production of lignite? So to this aspect too some urgent attention has to be given to improve the lignite production, and the production of electrical energy, it is not the energy-starved industry of South India.

MR. KRISHNASWAMY: I thought the second cut which they were planning in Narmada.

DR. RADHAKRISHNA: Statutory does it say?

THE HINDU: They have given permission for the second mine cut.

DR. RADHAKRISHNA: When it will be produced we don't know. But there are matters of great urgency, our oil bill is going to be mounting ...

PRIME MINISTER: But Dr. Radhakrishna, during the 15 years in Norway has been both a scientist and a technological entrepreneur because it was located above water under great pressure, and a detailed systematic study.

DR. RADHAKRISHNA: But we are not concerned with the past, we are concerned with the future. We are aware.

PRIME MINISTER: When we have been so successful, why can't we succeed in improving the production?

DR. RADHAKRISHNA: A little effort is necessary.

Prof. Hari Narain:

We all agree that we have to exploit more in our oil resources and use wisely but so far in the petroleum system are concerned, I am afraid things have not gone so well as we hoped with regard to onshore exploration activities. Some 15 to 20 years ago, I was one of the first members of the Oil and Natural Gas Commission. I worked there for eight years and we saw a really very enthusiastic band of geologists, geophysicists, drillers.

We were able to establish some reserves in the Brahmaputra valley, some reserves in the Jambhikhat region. But for some reason—apparently an systematic exploration programme has not gone on in the rest of the area— even today we feel, or maybe, some geologists are inclined to perceive rather a pessimistic picture with regard to our oil resources. But many of us believe that the Ganga valley, the foothills of the Himalayas, the deltaic regions of the various rivers, some should be looked into greater detail.

We haven't used the right approach in our exploration, the right techniques for exploration, the right methods of interpretation for exploration to succeed. It has not been a matter of money. Oil exploration is not money, it is money. But when you have the scientific means which are available, it has become a frustrated state and the more worried we are in studying the data, these exploration, interpretation and analysis, the better we are with regard to drilling of exploratory wells.

Under on land, each well costs Rs. 2 crores to Rs. 4 crores. Offshore it costs more. Rs. 4 crores to Rs. 7 crores. However, the feeling among the earth scientists goes round that we are not getting as much effort in interpretation and evaluation. One of the data as it is received, perhaps it is in the form of a report. I think we don't do the work as we should do it. But it is an effort as this.

We would not let Radhakrishna say some also been associated with the Oil and Natural Gas Commission. What would not we give regard to our exploration programme on land?

Prof. Karunakaran:

As I mentioned in the beginning, when the Oil and Natural Gas Commission was formed it consisted of a small band of scientists. They knew the conditions under which oil can reasonably be expected to occur. So they could pinpoint on large areas to a small set of geologists and geophysicists and interpretation of the data. They were able to pinpoint with a reasonable degree of confidence where drilling might lead to location of hydrocarbons. And they were remarkably successful in the ONGC almost everywhere the first well that it drilled yielded oil. In that way the work has been going on.

Of course the important thing, most important thing is all exploration is that you should have a band of scientists, geologists, geophysicists, and a very good systematic technique to carry out surveys and interpret the data so that with a reasonable degree of confidence you will be able to locate the place where oil is likely to be found.

Somewhere this emphasis has perhaps been a little reduced. It is natural to think, because exploration, the scientific work, is a very costly thing and other technologies are becoming more and more normally in our administration, perhaps you give emphasis to an aspect of activity depending upon what it costs. Perhaps the emphasis on exploration, the scientific or scientific study which is the only way by which all the techniques can be put to use. It is the only way by which we will know where to drill, can be developed.

Now, I was connected with oil exploration for some time. I was in charge of the Carvery basin, and when I took charge it was really had already been drilled to the point of the first well. By that time we had experts testing data and so on. They found that the sediments of the Carvery basin had not developed sufficient maturity to have generated hydrocarbons and so on. But we tested, drilled one well and then we left it in scientific, geologically and geophysically and we produced two tonnes of economically good quality light crude oil from that area. It is proved that it has a potential.

Then we were conducting a considerable time effort and funds in exploration for oil in the Himalayas.

yan foothills which is a vast area of sedimentary formations, therefore, ideal for oil exploration. There is some potential for oil exploration. But then, we thought, more important than that would be the exploration of the great river deltas. We take the example of the Mississippi delta, we take the example of the Niger delta in Africa and so on, which have yielded great reserves—reserves of oil.

So we thought we would shift the emphasis to one of the great rivers in the peninsula, we selected Godavari and we carried out extremely sophisticated surveys and geological interpretations and we decided we will test a well in Narsapur. We shifted the emphasis from the Himalayan foothills into Narsapur. And as you know the first well—there was a blow out—gas came out under a high pressure, maybe the pressure could not be controlled or something, but the well showed that there is existence of hydrocarbons there. So we should give greater emphasis on.

Mr. Krishnaswamy:

We point is, now would you say that the ONGC is not doing what it is supposed to do? It is trying the Godavari basin, it is trying the Bengal basin. What other areas you think it has left out or should try? I think it is doing its very best. At least I am not able to say that it has been found wanting in its endeavour. Success has not come to it or else.

Prof. Karunakaran:

What I am saying is there should be much more emphasis on scientific study and there should be greater control.

DR. RADHAKRISHNA: There is more emphasis on drilling rather than.

Prof. Karunakaran:

Greater control of oil exploration, or a scientific study. This is how they should operate in the Godavari and so on. There is a very strict scientific control on drilling and oil field technology.

PRIME MINISTER: You see what happens.

DR. RADHAKRISHNA: Yes, about this study in Godavari and in Bombay there have been discoveries.

Prof. Hari Narain:

Offshore, you mean? Yes, but we will not know what is the real reserve because of the fact that we are not getting the data as such as the example, we asked about the

foothills of the Himalayas — the Himalayan foothills, the Dharwad-Himalayan region, that was the first area where we went in 1946 and 1947 and we have invested quite a large amount of money in that region in exploration as well as drilling.

But the fact does remain that we could not reach the target depths we wanted to reach geological formation Substhan below the Dharwadian. And the result has been that we couldn't establish whether or not there was petroleum in that region. And we have one in that area, New Bombay in an embayment point, we don't abandon areas like these unless we do explore all the possibilities and reach the target depths and see whether we do find the petroleum bearing rocks or not. This has happened in many other areas also.

As Mr. Karunakaran mentioned and as many of us have felt we haven't given as much attention to geology and geophysics as we have been giving to engineering, drilling and other aspects. And drilling and engineering are not going to produce petroleum. It is the analogy and geophysics and the integration of the data and proper analysis of the data, new ideas, new concepts with regard to petroleum accumulation.

I mean in the older days we were only thinking of the favourable geology wherever we had marine deposits there would be petroleum we went there and we found petroleum accumulations. In of course, the concept of structure came, and we had to look to areas where geology had to be favourable and there were structures also available.

Geophysics came into play, and of course, dome-like structures, anticline structures, structures that were started looking for that. But new concepts have been coming in in the last 10 or 15 years where hydrogeological structures also seem to play a very important role as to whether the pressure is high or low.

Now the data are better and the tools exist from the structures as such, so it becomes very difficult to look into the hydrogeological aspects and at different levels as we go on drilling and then try to find a lot.

I think these concepts, proper interpretation of data, correct data, that has much link for interpretation, geology that is very essential. Secondly, all petroleum oil companies, even like that, whether they are national or cannot to have proper a financial organization and we are not able to see the possibilities and the structures from other countries. If we go into it, not only we have the largest deposits of

petroleum have been found on the shelf regions. Then the next region is what you call the mobile region, then you have the oil deposits in the deep basin and the shelf and we have here some figures of the world production as well West Asia.

Now we have all these situations in our country. We have the Himalayan region, up in the north and then we have the mobile rim, the foothills of the Himalayas, we have the deep basin and then we have the shelf. I personally feel that we haven't systematically gone to look into these shelf areas in the different parts of the country and neither have we really gone to our foothills regions.

And there has always got to be an optimism in oil exploration programmes, and as far as the offshore or coast region is concerned, this Bombay High was discovered back in 1964 or 65, this structure was known some rough estimates of reserves were also done but for various reasons we didn't drill and we didn't produce any petroleum. It was only in 1971.

MR. KRISHNASWAMY: I suppose it was because of price of oil at that time did not compel us to go in for —

Prof. Hari Narain:

Right, the price of oil was low, and then of course the technology was costly for offshore drilling and — all that, so we lost nearly 10 years. It was only in 1971 that we mounted a big programme for offshore production and it is really good that we have a structure where we have a potentiality of nearly 240 or 250 million tonnes of reserves in that. We could easily produce about 12 million tonnes a year for 20 years or so. But then again there have to be many other areas in the offshore region also which we have to look at very carefully. Work has been done but I think much more needs to be done in our offshore potential shelf areas to establish reserves and exploratory efforts have to be mounted continuously before drilling can be given up. What do you feel, Mr. Karunakaran?

Prof. Karunakaran:

Yes, I think systematic, investigations of both onshore and offshore areas, specially offshore areas, are essential for locating additional reserves of petroleum. I think we do need much larger quantities of petroleum. I don't think we can be satisfied with MR. RADHAKRISHNA: Is West Coast more ideal than East Coast? I mean, which should have a priority?

Prof. Hari Narain:

Well, the West Coast has the priority because we have established petroleum in the Cambay on land areas. In the eastern side at present we don't have any petroleum on land so we haven't given that much of attention. But it is not really necessary that petroleum should be there on land and only then we should expect it in the offshore region.

DR. RADHAKRISHNA: The shelf portion is more on the West Coast.

PROF. HARI NARAIN: Yes, of course. It is broader on the West Coast, but then now, Oil India is going in a big way with regard to onland as well as offshore in the Orissa region, and it is going to drill in the offshore region also.

MR. KRISHNASWAMY: Also, Godavari offshore, also it is doing.

PROF. KARUNAKARAN: I think, geologically the great river deltas need a lot of attention, like the Godavari delta.

PROF. HARI NARAIN: And then we have the islands, Andaman Nicobar regions what do you think of the potentialities there?

Prof. Karunakaran:

Yes, actually many years ago, my surface geological mapping on an island... I have published that there is potential for oil and suitable oil structures in the great Nicobar islands, the last of our islands in the Nicobar group; and the Oil and Natural Gas Commission has been carrying out a lot of systematic surveys there and from publications I find that it has a programme of drilling and detailed exploration.

DR. RADHAKRISHNA: What about natural gas?

Prof. Hari Narain:

We have natural gas in most of our areas associated with petroleum as such. We haven't struck any gas alone. But then again the Jamnagar region is one which should be pre-empted, as far as natural gas is concerned. We have made some efforts there, some wells have been drilled but not enough really to establish the availability or non-availability of gas reserves.

Could we discuss the other renewable resources also? And, I was particularly wanting water, ground water to be talked about, because that was another very important resource extremely important for our agriculture, for our domestic purposes for our industrial use. Of course surface water as well as ground water both are inter-

linked and we cannot separate them. Then we do seem to be situated in a region which is in the tropics. We have the monsoons where concentrated rainfall is available only over a period of three to four months.

A lot of surface water in the rivers goes to the sea, we are not able to make much use of this rain water. But again we feel that a concerted systematic and scientific effort to make a conjunctive use of our surface and ground water has not really proceeded as it should and as has happened in many other countries.

Obviously, the reasons have been many. We have, for example the Ganga valley which has tremendous ground water potential and the estimates have been that if we could have a systematic land, soil, water management in the Ganga valley region alone we could possibly produce up to 300 million tonnes of foodgrain which would be more than the double of what the country as a whole is producing today. But we have neither properly surveyed the potentialities of ground water nor exploited the reserves that we have under the ground to the extent we could. So, would you like to say something Dr. Radhakrishna for you have done quite a lot of work on ground water in hard rock areas.

Dr. Radhakrishna:

I find, as it always happens, there is a total disregard of attention for familiar things. And water is one such, especially ground water because it is hidden. Nobody has bothered about knowing what our ground water resources are. In fact, no systematic study has taken place even today. Even our major rivers have not been gauged. They start gauging only when a project is thought of. And many of our sub-basins have not been gauged at all to know how much of water is actually flowing.

Even the little gauging record that we have is only about the flood flow, the other non-seasonable flow is not known at all. That is the real ground water which is escaping into the river. So the systematic approach to the study of our water resources is still not taking place although there has been very great improvement in recent years.

In fact, when we started nearly 70 per cent of our country was considered to be unfit for ground water development. It was thought to be a hard rock area and totally unfit for ground water development. From times immemorial we have been having wells and nearly one-third of irrigated potential comes through well irrigation. So, we cannot just write off the hard

rock areas as unsuitable for ground water. Of course, we cannot expect a huge pumpage rate as in the case of the unconsolidated rocks.

So, during the last 10 years many State Governments have been encouraged to set up their own ground water departments. And there is the Central Ground Water Board which has come into being and it has luckily diverted its attention from the alluvium areas to the hard rock areas also. It has taken up certain selected projects over certain basins to estimate the potential there... even in these inhospitable hard rock areas and the results have been very revealing. For example, there was an Indo-Canadian project in Andhra Pradesh and there is the Vedavathi project in Mysore. And probably some are in...

MR. KRISHNASWAMI: Jhansi area...

DR. RADHAKRISHNA: ...Jhansi area. And probably in Tamil Nadu also there is a programme...

MR. KRISHNASWAMI: ...in Coimbatore there is one.

Dr. Radhakrishna:

But this selection of one or two basins is not going to be the answer. I want to highlight this because the Vedavathi river project for example, an excellent piece of work has been done in Karnataka. And a series of maps has been brought out, identifying zones where ground water can be developed.

But unfortunately after the completion of that work, the whole staff is being disbanded and removed out of the State and almost all the expertise built in tracing ground water potential in a hard rock area is just frittered away. This is not a correct thing to do because there are so many river basins in the country and basin after basin—both the surface and the ground water potential has to be continuously assessed. So, this is one thing...

Prof. Hari Narain:

I think the problem basically has been again trying to push through and find some expedient solutions to basically scientific problems. I am afraid, year in and year out, we suffer from floods when the rains come, then we suffer from drought during the dry months. This goes on and we try to find only engineering solutions very often to basically scientific problems. As you rightly pointed out, we could have scientific studies of the various, different basins as well as hard rock areas systematically and do what we call water budgeting and then have the proper exploitation programmes, so that over

the entire year we have water available at least for drinking purposes.

Today, we have a large number of villages, more than 1,00,000 villages, where the situation of exploitation of ground water has been very sad in spite of the Central organisations and the State organisations... One of the reasons, I have felt, is that we have so many different departments and different agencies at the Central level, the State level and the district level that a coordinated scientific programme does not move forward, and we are not able really to get the proper scientific assessment of the entire data and formulate our exploitation programmes on that basis. This has happened with ground water in many areas. Prof. Karunakaran, what could possibly be done with regard to surface water and ground water conjunctive use, and how could we go about it?

Prof. Karunakaran:

Well, regarding ground water in recent years, both the Central and State Government organisations have gone in for systematic survey assessment and development of ground water. Several private indigenous and international organisations have also come into the picture under various programmes for localised areas and for larger areas and so on. And the Central Ground Water Board is the... probably the largest and most comprehensive of all these organisations, and I have it from Mr. Bhavsja, Member of the Ground Water Board, that systematic hydrogeological surveys have been carried out... reappraisal surveys, short-term water supply investigations in cases of urgent necessity, then investigations of special ground water problems, exploratory drilling and quantification of ground water resources.

Similarly, other organisations have been carrying out ground water investigations in different areas. Now, the methods of investigation for ground water vary very widely from those appropriate for great alluvial areas through which the Ganges, Brahmaputra and their tributaries flow and the greater part of the peninsula which consists predominantly of crystalline rocks, where mostly water does not move about in crystalline rocks. In the way it does in alluvial areas and so on. They are not governed by Darcy's law.

But there has been outstanding success in locating large quantities of ground water in crystalline areas where traditionally nobody knew that there was ground water.

For example, they have carried out the work in a very systematic way starting with satellite imagery; these satellite images have been helpful in delineating certain fracture patterns. So the ground water geologists reasoned out that these fractures might hold ground water.

So they took air photographs of that area, examined them more systematically and identified all the zones more accurately. Then they went to the ground, marked out all these areas, carried out geophysical surveys, as a result of which they were able to distinguish some of those fractures which are possibly open shear-zones and so on. Then they tested, drilled some of those wells and they found that these wells yielded almost as much water as the wells in the Gangetic area. This has been a remarkable contribution by systematic scientific studies.

So, a lot of progress has been made and they have contributed to a great deal to the green revolution of the country. The motivation for this has been the emphasis on agricultural development.

Mr. Krishnaswamy:

I would like to say a few things on this. I don't agree with Dr. Radhakrishna that we don't have a systematic geology facility in the country and all that. The Central Water Commission has got... an entire circle devoted to only gauging in all the States of the country. The only thing is it should have started that work very much earlier, maybe about seven or eight years ago.

It is building up the data not only during flood stages but also during normal stages and, I also wouldn't think that we haven't done any systematic work. Mr. Karunakaran has rightly focussed on the issue of systematic work that has been done. But you see the area to be covered is so vast the resources that we have to deploy to be able to cover all these areas are enormous.

So you cannot expect I think, magic results... all the areas to be covered quickly and you get the information. But I do believe that the Central Ground Water Board as well as State Ground Water organisations are doing a very nice job.

Dr. Radhakrishna:

No, no... my point is when we start estimating the ground water resources of a basin, we do not have the data of the surface water flow. For example you take any small river as Vedarani. There is no actual record you have got the meteorological data you have rainfall record for 60 years, but

we should have a surface water flow data and ground water level data also. These are things which must be done systematically and on a continuing basis. We have also a tendency to do this on a geographical basis. Our thinking should be oriented to river basin basis, river development boards...

Prof. Hari Narsini:

I think, this is a very important point which you have made. As far as our replenishable resources are concerned—the land, soil, water, forests... water of course plays the most important part in this. We should really go by selecting river basins—if the rivers are too large then the sub-basins of the rivers—and go through photo-interpretation techniques, see what is the present value of that particular region, and also through interpretations of the geological features, geo-hydrological features, geomorphological features, forestry, soils.

We could possibly optimise the land-use in that particular region. We tried this in a project in Andhra Pradesh in Karimnagar by making use of aerial photographs. We were able to get the maps as to the way land is being used in the Karimnagar district today and then through the help of the Indian Photo-interpretation Institute we were able to optimise the land-use and prepare maps which showed how best the total resources of land, soil, water and forests could be utilised in that.....

The Geological Survey of India has done a number of such projects in Anantapur and various other regions. They have also kept the environment in mind, because, eventually, the natural resources, both replenishable and non-replenishable, and the environment..... they are all very much inter-linked. And we have to see all the aspects of this entire system, not sub-systems of this environment as such.

So it becomes necessary that for replenishable resources we go hand-in-hand and do scientific studies and then work out our programmes for exploitation and conservation. And, for non-renewable resources we of course, go from large areas to smaller areas, establish our reserves and then see the overall total picture with regard to the resources which are available and how best we use them.

I see that today we have a population of 660 million people and in the next 20 years, the population is going to be anywhere round about 930 to 1,000 million people, and all our requirements of food, of minerals, of energy resources, they are going to be several-fold.

Some estimates have been made,

for example, that we will require by 2,000 AD nearly double of the food we are producing today and we will require nearly four times the minerals we are producing today and nearly eight times of the energy resources and the energy we are producing today. Now, if these are the targets which we have to meet by 2,000 AD we will have to really think of the scientific way to go ahead in cooperation and collaboration with the various agencies which already exist, make full use of them and then chalk out the programme at the Central level. If possible along with the Planning Commission, then at the State-level because many subjects are really controlled by the States and go down even to the district-level where basically the administrative machinery functions.

And there, through task forces, we really try to look at all our natural resources and formulate programmes and see that they are executed at the district level. Because unless these programmes are scientifically, systematically formulated and executed also, we will not be able to make any headway. We have had many Plans, we have had several task forces of the National Committee on Science and Technology, of the Planning Commission, of the various ministries and all that.

We get a lot of ideas, there is no dearth of ideas in the country. But the basic problem as we see today has been the implementation of the various programmes, and implementation in a coordinated manner. We have very often gone into sub-sectors, we will put a dam but we will not think of afforestation in the catchment area; go there will be siltation at double the rate than what is normally presumed and we create problems, we create also problems of ecological imbalances or.....today for example, on a large scale this deforestation is going on, people need energy resources and wood is available, so a large number of forests have been cut down by the people to use the wood for energy resource and we have not gone ahead with our afforestation programmes.

So I think, it becomes necessary, after we see the picture of the entire natural resources sector—that we have coordinated plans which can be formulated by the major Central agencies like the Geological Survey of India. I will give you one example of the Survey of India.....I was there for four years as Surveyor General... the accuracy of the maps we produce there is of five metres in 25,000 scale, we have an accuracy of five metres on the maps.

But when we go to the States and when we go to the cadastral survey organisations and when we see the land demarcations in the villages we find that the angles are wrong, the boundaries are wrong, and there are murders and quarrels and fights over these land problems in our villages. So whereas we have at one end an extremely efficient, well renowned scientific organisation in the country, at the other extreme, we have cadastral surveys—excepting Tamil Nadu and Karnataka, the situation with regard to the cadastral survey is very poor in other States.

So unless we take these major organisations and the technology which is available with these major organisations to the district level, to the block level and to the village level, I don't think we will be able to bring in the revolution which is required to uplift the living conditions of the 75 per cent of our population.

And, then if you project further...only the other day I was looking into some figures and the estimates of the World Bank and the Population Reference Bureau of Washington is that eventually when the population gets stabilised, we will really exceed the population of China, our population, as the Population Reference Bureau estimates, would be round about 1.642 million people, whereas the Chinese population, the ultimate population, will be 1.350 million; so we are going to exceed even that.

THE HINDU: When the population reaches the zero-growth rate...

Prof. Hari Narain:

This will be roughly approaching the zero growth rate...

So, looking at these figures it becomes extremely important that, whatever resources we have in the form of land soil, water, forests as well as minerals, coal and petroleum, we have to be extremely careful and judicious in their exploration, exploitation and use, and ensure that the benefit reaches the largest number of people.

And, what I could think of was really a natural resources commission or a natural resources board at the highest level attached to the Planning Commission which looks into the whole resource position and the programmes with regard to exploration, exploitation and conservation including the environment.

Then, a similar board at the State level which should take the agencies of the State into consideration, follow the broad policies of the Centre and try to incorporate them in their own programmes, and then the task forces at the district level where, of course, you would expect these major

agencies like the Geological Survey of India, the Survey of India, the Indian Council of Agricultural Research, the Central Ground Water Board, the Council of Scientific and Industrial Research, Council of Indian Medical Research, all these major agencies of the Government should be represented at the district level and then they employ the local talent and in cooperation with the district administration, go on with the planning as well as the execution of the programmes needed in those districts, at the block-level and at the village level.

Unless we adopt policies of this nature and, the sooner we do that, I am afraid the growth rate envisaged in our Five-Year Plans and the policies we enunciate with regard to improving the economic level of 75 per cent of our population, may not be practicable and, unless a proper growth rate is achieved, we will go on dividing the country into haves and have-nots as has been going on and the disparities will go on increasing.

Dr. Radhakrishna:

Immediately the need would be to coordinate the surface and ground water resources personnel. Surface water is under the Central Water Power Commission, ground water under the Central Ground Water Board—the two are functioning differently. I think, there is a necessity to have a water resources council which should coordinate both surface and ground water and not restrict ourselves to just State-wise...it should be river basin-wise, assessment of both surface and ground water and the optimum ways of utilizing it. In ground water also you have what is replenishable reserve, we should not normally exceed that replenishable reserve. Our total reserve is estimated at 13 million acre feet of water—replenishable reserve of ground water—out of which we are consuming about 25 or 30 per cent through our various ground water development activities.

Here again there is one subtle difference which I am unable to understand. So far as surface water is concerned, the Central Government or the State Government takes the full responsibility of the cost of building that reservoir, of taking the water by channels right up to the feeding of the individual farmer; the entire expenditure is borne by the Government, by the

State, whereas when it comes to ground water,

the Government sanctions loans to the individual farmer and charges 10 per cent interest on that so that the whole operation is diluted to the extreme.

It resolves itself into a question of just distribution of loans to millions and millions of farmers. The impact is not at all felt. Whereas, if you take a scientific study, there are certain zones for development of ground water—it is not as if the entire Andampur taluk or the entire Vedavathi basin is ideal. As Prof. Karunakaran said, the study of the aerial...the LANDSAT imagery has indicated major elements which are ideal for development of ground water resources.

So when you have identified a certain region for development of ground water the Government should undertake the development by giving completed wells rather than loans. In fact the sanction of loans...most of the money doesn't go into wells at all from what we have seen. So the real impact although the World Bank and the Agricultural Refinance Corporation have spent crores of rupees...the impact is really not there. This is one thing which we have to take into account.

Apart from the replenishable reserves, we have the static reserves which extend to nearly 200-300 metres. They are a sort of an insurance against famine. Where we can utilise that static reserves, we should correctly estimate what that static reserve is...for the different basins of our country. In fact, we should start on this inventory preparation straightway; otherwise, we will be nowhere.

And, apart from this static reserve, we must now think of induced, this recharge; this is a subject which we have not thought of yet. The flood waters of our rivers must be made to recharge the ground water reservoirs. How to go about it is a big study by itself.

And, in an arid zone like Rajasthan for example, the creation of underground reservoirs...through nuclear techniques we explode and create pores in hard areas which can absorb all the rain water and make it available later when you want it. So this is a technique which is going to be of very great importance to us in the coming years.

From now on we should concentrate our attention on all these ways of utilising our water resources. And more than that this revolving for example in waste Bangalore itself will be consuming 50 million gallons a day—all that is again wasted. Unless you retreat and recover at least 20 or 30 million gallons of water and use it for our agriculture, this revolving is going to be a very important aspect of our this new Council, Water Resources Council, whenever it is constituted hence the need for the Water Resources Council at the Central level and river basin boards.

Ground water development should not be distributing loans to so many land development banks and through them to the farmers—it doesn't make any impact whatever and most of the wells are very shallow they are not lined, they will go into disuse in no time...so a massive development of ground water resources...

Prof. Hari Narain:

I think it is a very good suggestion by Radhakrishna. What you have thrown up with regard to water assessment and utilisation, I think this will form part of the natural resource board or commission we were talking of a little while earlier. I have done some rough calculations and I feel that you have to increase your agricultural production, you have to increase your industrial production for the basic necessities of the people, large number of people and then you have to have plentiful employment for a very large number of people.

Now, if we want to achieve this, the best course really is to go down to the district level and then to the block for our development programme. At that we can increase the industrial production, be there village industries, intermediate industries and handicrafts and so on, and then the agricultural production. And that is possible if we could coordinate the activities of the major organisations.

It will generate an employment potentiality of various levels of people. S.S., H.A., level then high, women, intermediate level, then skilled workers unskilled workers. I am working out these figures. It comes to roughly an employment of about a lakh of people at the district level. There will be only 12 percent from the major agencies of the Central level of the Central Government and then the rest will really come from the district itself.

The cost figures roughly come over a Five Year Plan period to the order of about Rs. 250 crores. So this way we provide employment to about a lakh of people and that employment would be gainful employment by which they will be able to increase the agricultural production through scientific methods and techniques, go in for water conservation and exploitation for the needs of people and also be able to establish a number of small technologies, industries and all that.

We have 300 research organisations in the country, but the researches, the technologies, whatever they are, developing, are all on the shelf. Neither the private sector nor the central sector is really utilising them and these are the technologies which would be most useful for our people at the village level, at the block level, at the district level...

So, if we have an organisational pattern like this and have the execution organised through task forces on a priority basis where the technology, the ideas, the planning flows from the Central agency but the execution goes through these task forces at the district level and the block level, I think there possibly the answer to our development economic development programmes lies. Thank you very much.

Mr. Krishnaswamy:

I would like to just say a few words in support of the suggestions you made. You see, talking about all these things, even in regard to, as geologists we go round to many villages we feel very sad when we find villagers don't have drinking water. Now we have got the science available to us, we have got the technology available to us but we are not able to match, bring these together and apply at the district level. You see, after all the technology to locate ground water is not so very complex with guidance from qualified scientists. A few scientists we could engage local talent and see that areas are identified and water is provided for our people.

And the other thing which he rightly mentioned, that, while in the case of surface water you bring it right down to the distribution system whereas in ground water you don't take the responsibility of providing it by drilling the wells and delivering it. Perhaps if you have to charge for it at that stage, whatever rates you are charging a reasonable rate could be fixed but not necessarily on a profit basis. That way only I think, we can really make the science and technology serve

the really urgent needs of the common people.

I agree with the idea of a co-ordinating agency or a natural resources board which will co-ordinate, and that will probably take care of the basinwise studies of ground water, surface water, which, I think, are being done now. It is not that they are not being done but as he rightly remarked, they are done discreetly in different departments. There is no agency ready to bring them together and bring it to a common focus, you see. I entirely agree with that view...

Dr. Radhakrishna:

There is one other point which I must emphasise and that is the danger of over-exploitation, especially in the case of ground water. In the case of mineral resources you can take out only as much there is. In a gold mine you can take out as much gold as there is, but in the case of ground water, the moment you take water there is no point where the light will show red as soon as you have exploited the right proportion. The water will still be pumping.

There are certain pockets in our country where already over-exploitation is taking place. Take for example, Coimbatore. There the water table has gone down to 150 feet now, and there is an incessant clamour for more and more wells. And not only the newcomers will get affected, all the investments which have been made on well irrigation, all that will again go, because almost all the wells will become dry. This over-exploitation is a danger which is looming very large before us. So this is again where a certain amount of control is necessary.

I have listed a few items which have to be done in the assessment of both surface and ground water resources for each river basin and sub-basin. Then, assessment of the quantities of the utilisation separately for each basin for agriculture, industry and domestic purposes. In fact, most of our ground water is being used for domestic purpose only because most of our villages are depending only on ground water. Very few villages are on river banks.

Then, determination of the extent of ground water that is still available for utilisation, you must have as rapidly as you can go on revising these figures, but the total information must become available for each river basin and sub-basin.

Next, the study of the behaviour of water table. This, the United

States Geological Survey, uses at least a continuous series of publications on the water level fluctuations throughout the United States, huge volumes, showing where the water table is declining, where it is gaining. Such study is extremely important to tell us how the water table is behaving in different parts of the country. And, the most important thing is the preparation of ground water maps. Prof. Karunakaran said, certain places have been identified even in a hard rock area water resource as in the Gangetic alluvium.

So, if these maps, not for the private information of that particular organisation but for the general public, these should be made available. This is a subject which is of vital importance to us; it is a subject which is not being taught in any university in depth. And, even where it is taught, you teach only the American techniques, the indigenous techniques are not taught. So the indigenous technology of this ground water development and the various ways of increasing this ground water resources and their assessment should, even in high schools, be taught. No university, no engineering college teaches ground water hydrology, this is a very important aspect which we must take note of.

PROF. HARI NARAIN: Thank you.

Prof. Karunakaran:

I would like to revert to Dr. Radhakrishna's important comment that we should carry out systematic studies of river basins as a whole. These are particularly relevant to those parts of the country where, as a result of heavy rainfall the land has been dissected into clearly defined river basins, like Kerala for example.

The entire Kerala State can be divided into 44 river basins—41 west-flowing and three east-flowing. Any kind of human activity in one part of the river basin affects all other parts of that river basin. This being so, district magistrates in charge of the land should be trained to think in terms of their land as belonging to a part of a river basin. Often the district forms part of several river basins.

I think senior administrators have anticipated this requirement by creating commissioners who are in charge of command areas. Now, these are steps in the right direction but this training should extend to a much greater level. The land use problems should be part of an intensive training for administrators in charge of the land.

Now, with regard to survey and assessment of surface as well as

ground water resources, I think, there should be research institutions which are specifically meant for such a purpose. One attempt has been made in Kerala by the creation of a research institution for water development and management; its prime function is to carry out systematic water balance studies of river basins or of an entire set of land mass.

With regard to recharge and dangers of over-exploitation, this is particularly important in coastal areas like Tamil Nadu, some parts of the area. During the drought in Madras, the Geological Survey of India identified certain aquifers, water-bearing horizon near the beach then we knew that applying the Ghyben-Hertzberg principle if you drill too much the sea water will get into the well and once sea water gets into the well, that well is ruined for ever.

So we used to carry out systematic geophysical studies while pumping was going on to mark out and continually map out the interface between the salt water and the fresh water. So such studies are of vital importance to all the coastal States of the country. Special studies, people should be conscious of the necessity for the studies in coastal areas to avoid contamination of sweet-water wells by brine and their permanent ruination. Since we have a 6,000 km coastline and, with dense population along the coastal zones, this entire tract should be given very serious attention.

With regard to systematic studies of the whole country, for example the Central Ground Water Board, which is of comparatively recent creation, has identified that out of the total area of about 3.25 million sq. km of the country, an area of 2.8 million sq. km is estimated as coverable under systematic regional hydro-geological survey. And, to date, already it has covered systematically about 1.1 million sq. km. and about 2,000 exploratory bore holes have been drilled in various parts of different categories and based on this work it has been issuing a number of reports, maybe the reports should reach every body...

MR. KRISHNASWAMI: They have not published, you see, that is his point.

Prof. Karunakaran:

As many as 4,000 reports have been brought out in the last few years. But there should be a machinery by which these reports reach the administrators in charge, whoever is in charge of land management...I quite agree with Dr. Radhakrishna on the publication of information.

DR. RADHAKRISHNA: In future, whenever States reorganisation takes place it should be on the basis of river basins...

MR. KRISHNASWAMI: That will solve some problems but create some other problems too.

PROF. HARI NARAIN: And that it is so. Finally we can conclude at this...

Prof. Karunakaran:

No...before concluding, I would like to say something about...we have so far forgotten...our part of territory which is beyond the seashore, traditionally, we have been thinking about land, even though our country juts into the Indian Ocean, we generally don't like to get our feet wet; we remain on land, and we just don't think of the ocean. Under the present day marine treaty, we have possession of our land in the continental shelf and the continental slope and we have got a territorial limit of 12 miles and the economic zone of 200 miles, and we have also about 300 islands in our possession.

It is essential that we go and survey these areas, it is part of our territory and we should train our people in survey and exploitation of our mineral deposits. Apart from oil which is of utmost importance, and our greatest hope for oil production is in offshore areas, we have also got valuable deposits like ilmenite, monazite, zircon and others, which are now being mined from the beaches of Kerala and Orissa.

I am sure similar deposits will be available in the Maharashtra area possibly in the East Coast in Tamil Nadu, Andhra Pradesh and so on. Not only this, we should be able to develop technologies by means of which we will survey and assess potential of similar deposits offshore also. We should develop our technological capability for carrying out such surveys, and if similar deposits are found at greater depth, we should have appropriate technology for recovering these mineral deposits from offshore also.

DR. RADHAKRISHNA: We have got manganese nodules?

PROF. KARUNAKARAN: Maybe at greater depths, but I would first of all confine...

MR. KRISHNASWAMI: We must first of all get our feet wet, that is our problem.

DR. RADHAKRISHNA: Has there been any survey? Our continental shelf hasn't got any manganese nodules?

Mr. Krishnaswamy:

I would like to say a few words on this issue which he has raised here.

The Geological Survey of India is well aware of the requirements to study the offshore areas also. In fact, its charter of functions includes surveying of not only the land areas but also the offshore areas. We have a marine geology division, but the whole problem is to get at the ships with the required geophysical equipment for survey purposes.

Now, there is going to be a research vessel which will be available for this purpose in 1962. It is being built in Germany now, I think. Mr. Hari Narain was there in the earlier stages when these negotiations for the purchase of this ship were continuing at that time, a few years ago. Now, already we have succeeded in doing that. But in addition, this research vessel will, when it comes, enable us to survey the deeper offshore areas and take into account also the occurrence of manganese nodules, the locations which are broadly known from the cruises that have been conducted by various countries. But at the same time we are trying to acquire from the Navy some vessels which we could convert for our near-offshore areas.

We expect within about a year we will succeed, and once we are able to have the required ves-

sels, you see, if it is on land, the geologist has to go round with equipment like the hammer but in the sea, you have to have a research vessel with all the other newer equipment that is required and we hope we will be able to start off on this systematic survey of the offshore areas, near-offshore areas, and when the research vessel comes we will be able to cover the deeper offshore areas.

Prof. Hari Narain:

Actually these offshore programmes are important from the study of the basic earth sciences also. That is very important because today the global effort is really on the passive margins of the various continents. And, as India is situated, we have the western as well as the eastern margins. They are really the passive margins, there is nothing active now. And, they really hold, or rather seem to hold, the key to the hypothesis of plate tectonics and the formation of the continents and land masses in the geological process. And, also then the economic aspects...we have already gone into that.

So it will be extremely valuable one when we get the facilities of vessels as well as the geophysical equipment to study our continental margins and also establish the relationship between the oceanic crust the marginal crust as well as the continental crust. This would give us a lot of valuable information, and also, the relationship between the ocean floor and the continent.

BRIEFS

PRODUCTION OF SWEDISH WEAPON--According to another report, India has started indigenous production of the 84 mm Carl Gustaf anti-tank weapon under licence from Sweden. The Carl Gustaf is a shoulder-weapon used by infantry for assaulting tanks at close range. It is also capable of firing high explosive smoke and flare ammunition. The weapons can fire six rounds in a minute against tanks. The soldier firing has a telescopic sight for accurate target acquisition.--AFP/INA. [Excerpt] [Karachi MORNING NEWS in English 13 Jul 80 p 1]

SOLAR ENERGY PROGRAM COST--New Delhi, 9 July--India will spend 650 million rupees (80 million dollars) on its solar energy programme over the next five years, Prime Minister Indira Gandhi said today. Mrs Gandhi said her Government was fully alive to the need for developing alternative forms of energy and was allocating more funds for solar energy activities under the country's new Five-Year Plan starting this year. She told Parliament solar energy was what was most available in India and was already being used to heat water in big hotels and private residences. Wind energy would also be developed, she said. NAB/REUTER [Text] [Rangoon THE WORKING PEOPLE'S DAILY in English 11 Jul 80 p 6]

CSO: 4220

PARTY RESOLUTION NO. 7 (1960), CLARIFIED

Continued VIENTIANE MAIL in Lao 19 Apr 60 pp 1, 2

(Column: "Talking About Carrying Out Resolution No. 7")

(Yuan) Aunt Viang: Uncle Chan, upon the door please, Friday is Saturday, and I have come to see you as usual.

(Chan) Chan: Is that you Aunt Viang? Come in, just hit the knocker if you are really. Knock with both hands if I do not come. Is there something you want to ask me?

AUNT VIANG: Father-in-law is. Do you have any homework—steaming rice, keeping the fire going, or watching the children and making sure they do well for the party and state. Listen. This morning they discussed Resolution 7 of the party Central Committee. There are different rumors. They think Resolution 7 is good because it allows everyone to use his rights throughout society; the right to do business freely, the right to open shops, run one wife, the right to smuggle out contraband without paying taxes because they would have no 'haiyan' water blocking the way. Young people would have the right to dress the way they wanted; boys would have long hair, and girls would color their eyebrows and lips, have long hair. Please answer if you can Uncle Chan.

(Chan) Chan: I am not sure I shall answer into something big. There is no need for this discussion.

(Yuan) Aunt: No kidding or gossip. My grandchild heard them talking about it. I heard it from the Lao-Lao (Hmong) music theater.

(Chan) Chan: I don't know you heard it; we will give you a short explanation. Resolution 7 is a policy basis on which to lead the nation out of the old. It was proposed by Comrade Khammou Phommichan, secretary general of the National Committee of the Lao People's Revolutionary Party. In 1960 the Lao People's Central Committee printed out four big problems.

THE WORLD SITUATION AND THE DOMESTIC SITUATION IN 1979

—The 4 (Four) Year Plan

—Some Big Projects for 1980

—TRANSFORMING THE STATE ORGANIZATION AND CONTROL AND THE ECONOMIC CONTROL

We were instructed in these important documents of the Central Committee and the Politburo with what your grandson said about the future. Those who listen to these rumors are making a big mistake. Resolution 4 was put forward as a basis for carrying out the 5-year plan of the party and state which will last from 1980 to 1985. This will be a period of transforming and building socialism in our country. It will not return our nation to the old system or destroy socialism in our country.

The rumors that were mentioned were the rumors of opportunists who want to destroy the nation's order, mislead the people about the policy of our party and state and open the way for those who would destroy our new order which is legally established. They are rumors to obviously distort the policy of the party and state.

Therefore Aunt, you as the older person in the family should explain to your grandchild so that he understands what the party and state are doing. He does not have to listen to the evil rumors of opportunists. You can tell that Aunt Liang. Later we will talk about this problem.

Aunt Liang: I told better now. I am going home to call together the "family assembly" and explain it to them completely the way things are. Now we had better say goodbye. We will meet again next Saturday. Goodbye.

Uncle Han: Goodbye. Next time come early, and we will have more time to talk.

VIETNAM WITH THE LACK OF CONSTITUTION

Vietnam DAILY PHANOM in Lao 26 Dec 80 p 1

[Article in 'Letters Answered' Column: "Why Do We Still Not Have a Constitution?"]

[Editorial: Dear Editor: Why is it that Laos does not have a constitution?

[Answer:] We have asked the Supreme People's Council about this problem. The deputy secretary of the Council's Standing Committee gave the following response: At present the Council is doing research on drafting a new constitution suitable for our country. They could draft it but would like to have a work plan from the Party Congress. This would be a guide and a basis for drafting the constitution. The work plan of the Party Congress will come at an appropriate time in the future.

Our country has been liberated for only a year now. You have to go slow at first so this problem will not be solved all at once. According to the country's conditions, for example Cuba, was liberated for 10 years before they had a constitution.

ALLIANCE BETWEEN INDOCHINA NATIONS REVIEWED

SYNOPSIS HANOI PARADES In Lao 23 Apr 69 p. 7

[Article in 'Letters Answered' column: "Why Do We Call Them the Three Fraternal Countries?"]

[Text:] Kamchat, Laos, and Vietnam, and Kamchat from the Soviet Secondary Nations (Vietnam) together wrote a letter to the editor about the following problem: Why do we call the three countries of Laos, Kamchat, and Vietnam, fraternal countries?

Answer: Our three countries, Laos, Vietnam, and Kamchat were placed by nature together in Indochina long ago. Indochina is beautiful, wealthy, and is the most strategically important area in Southeast Asia. Therefore, the imperialists and colonialists of every era have their eyes on Indochina. They think of Indochina as a big fish which are eating it, hence their name to this.

As in the past, our three countries have always been an area of ethnic conflict between imperialists themselves and between imperialists and the people of Indochina.

At the end of the 19th century our three countries became victims of the French imperialists. When we were the slaves of another country, we had to be united in resistance in order to get out of their yoke. Under the leadership of the Communist Party of Indochina, including Laos, Vietnam and Kamchat, we struggled against the French for 8 years. We drove them out of Indochina.

In the American period, especially during the time of the "Ho Chi Minh" revolution, we helped each other fight against the American imperialists bringing all of Indochina into the national and fought our people. In the end we were able to win a complete victory.

Now in order to overcome the schemes of big nation imperialism, we have nations that unite again for years, independence, and separation according to the national line of each country.

Therefore, the three fraternal nations must solidarity, love, mutual respect and support, maintain, and respect for each other's independence, sovereignty and territorial integrity.

WAT

END (10)

CHAMPASAK COFFEE, OTHER AGRICULTURAL PRODUCTION DESCRIBED

Vientiane XIANG, PARASIN in Laos 9, 10, 12, 15 May 90

[Article: "Champasak: Land of Coffee" by Siouyong]

(9 May 90 pp 2,3)

[Summary] Pakse, the principle city in southern Laos and the second largest city in Laos, seemed to be quiet and rather unproductive economically and commercially in the initial period of liberation. This may have been because the people had not yet become familiar with life under the new regime or perhaps it was because they were not sufficiently aware of the correct and just policies of our party. A significant lesson drawn by the administrative authorities of Champasak Province was: Transformation and creation of a socialist economy does not mean cutting off the hands and feet of the capitalists but rather turning the capitalists around to join in serving the party's policy guidelines. Similarly price control does not mean ordering merchants to reduce their prices, but means massive promotion of production in the agricultural cooperative movement, the industrial production movement, and among the private producers among the people. But the desire for massive promotion of production must mean promotion of convenient distribution of goods as well as concentration on educating merchants, sellers, and distributors to be disciplined and to have a high awareness of the new society.

[Summary] Champasak, then, and drew lessons from their experiences. Champasak's economy has progressed to a discipline in harmony with the policies of the party and state and is a city that is exemplified by its numerous and varied products. Most of them are produced by the people's own hands of their local products. Examples are vegetables, fish, pigs, chickens, chickens, woven baskets, three kinds of trays, tree bark, hides, latex, lacquer, coffee, etc. They show the markets and shops, including both state and private stores. These goods are cheap: one kilogram of chicken for 100 kip in the market for eight kip and one kilogram of a large fish for five kip. They like to bargain and hold as a principle of bargaining. "a better satisfaction to both seller and buyer."

This is one prominent feature of Pakse which meets the eye and compares with the living of education, culture, public health, and national defense within Champasak Province.

The first person I talked with in Pakse was Comrade Vanthong, a Champasak Province Tour Guide. Comrade Vanthong was in charge of the Tour Guide Section which had been established for less than a month. This represented a new law for Champasak, more than four years after the liberation, and implemented provincial plans to promote an increase in tourism within the province by fellow citizens and foreigners.

(10 May 80 p. 2)

(Lao) Champasak has very long borders with Thailand and Kampuchea as well as with Attapeu, Saravane, and Savannakhet provinces. Phu Banchang and Phu Champasak are the only outstanding hills. The remaining area is a plain thickly populated with over 186,000 inhabitants. Champasak is divided into 10 districts: Pakse District--the capital district, Samasombun District, Phanthong District, Champasak District, Pathomphon District, Mouangpoua District, Khong District, Sukhuma District, Pakxong District, and Banchang-Salamouk District.

The 1978-79 rice harvest of 461 agricultural cooperatives and of the public at large is expected to cover 90 percent of consumption.

(11 May 80 p. 2)

(Lao) Coffee is an important local product of Champasak Province.

Five years after the liberation, or in 1977, Champasak Province harvested a total of 1,000 tons of coffee beans. This figure represents a terrible devastation compared with a pre-liberation annual harvest figure of 3,000 tons. So a month after the Champasak Province Administrative Committee convened an urgent conference on economic problems, particularly the coffee problem, to find the causes and prompt solutions.

The problem was that prior to liberation, in 1972-73, the U.S. imperialists escalated the air war of destruction to its most terrible level on the Bannan Plateau causing widespread destruction and killing of coffee trees. During the same period, due to the war, the people did not have time to take care of maintaining coffee trees and some of them died. It was also due to the class forces involved and one other significant reason, i.e., that during the old regime capitalists controlled the business of planting and distribution. There was one owner who employed from 20 to 30 workers. After the liberation the capitalists and their henchmen shut down their businesses under the understanding that the state would take them and pay over complete remuneration. When the problem arose the administrative personnel did not pay attention in solving the problem quickly enough.

This is what Boulang, the Champasak Province Director of Foreign Trade, told me when we paid him a visit in an office building in Pakse. That

day Bunluan had very little time to speak with us because he had to find suitable prices for the various goods in his locality three-four days after the change to bank him. He did talk about the province's methods for solving the crisis mentioned above as follows:

Central ordered that this problem be solved urgently and at the same time a delegation of experts from a fraternal socialist country which was here on an inspection tour gave us the following advice: "Since we have the party to lead us, the state to govern us, and the people having power we should not fear capitalists. We must not only permit but also facilitate their remaining in business successfully in accordance with the policy guidance of the party 'for the initial phase of transformation to and construction of socialism.'"

The main points in our province's solution which began at that time were the mobilization of every former coffee grower to resume normal business activity combined with using the coffee beans harvested to mobilize every grower to plant new trees to the extent of his vacant land. In addition our trade department has done everything to facilitate purchase of their production and prompt distribution. Doing many methods we have done everything to make them feel satisfied to continue growing coffee and to sell their production to the state.

Before our area was supplied of various kinds of products such as small, medium, and large coffee beans, with the small ones being the top grade and the most expensive. There were false cardamon, yellow beans, peanuts, green beans, and other kinds of forest and agricultural products in a small sack which he took out and explained to us their shapes, characteristics, and qualities. At the same time a Champassak Province trade official, with permission to Bunluan, opened his account books whose figures proved the increasing efficiency of production, since the change in leadership after the revolution, and new ways of doing things.

1972 was the first year when 1,400 tons of coffee were harvested. In 1976 it increased to 1,600 tons and in 1979 to 1,980 tons. During the past three years our province has considered harvesting to be a secondary issue. We have been concentrating more on taking care of old trees and planting new ones in order to increase production according to scientific principles. Thus in 1980 the coffee harvest will be at least 3,000 tons, Bunluan said. He also talked about the quantity of forest and agricultural products purchased from the people.

In 1980 coffee was 10 tons of false cardamon, 140 tons of peanuts and green and yellow beans, and about 1,000 tons annually of mulberry, rubber sap, yellow, black, and white rice, sugar, and other forest and agricultural products.

We were then with Champassak Province trade officials, including Bunluan, the director of purchasing from the people, the Chammarachak, the Chammarachak, and Chammarachak, responsible for setting prices and quantity, and before we went to visit a coffee warehouse.

There was about 200 tons of coffee that had been polished and bagged stored in the warehouse.

[11 May 80 p 2]

[Excerpts] Now we are visiting the Kong Tun settlement. It is situated on the slopes of the Bolaven Plateau about 80 kilometers north of Pakse. The weather is very cold, there is a brisk wind blowing, and the place abounds with vegetables. During the war of the national salvation against the U.S. imperialists this plateau was a fierce battlefield and produced many national heroes who gave their blood and lives for their beloved fatherland.

Thongsuk, a former officer in the Lao People's Liberation Army during the war, is now the manager of Kong Tun settlement. This very capable person told me that "Higher authorities advised us to establish this plantation settlement here in order to open up the entire expanse of the Bolaven Plateau and to make it the primary source of coffee production in Laos or what is called the coffee center of Laos."

"Pakse is the best coffee region. This statement is widely known and we want to maintain that reputation," Thongsuk said as he picked up a cup of coffee and handed it to me with a slight smile. He continued, "In three years we have planted coffee on 315 hectares. But that amount of land is small compared with plans for 1980. We expect by the end of 1980 to reach 1,000 hectares, but our primary duty in the spreading of coffee trees is to make maximum use of scientific knowledge to raise our efficiency and make it clear that this new production period is better than previous ones." This land previously belonged to men named Khem and Vanna and the people of Ban Betchot, Ban Songtoe, and Ban Phu Bakhvan. When the nation calls, his people and the villagers will voluntarily turn it over to the sovereign and the villagers will continue their work as state employees.

Following this conversation the leader took us to see a coffee plantation where the coffee beans were reddening all over the plantation, a coffee tree nursery plot containing 50-60 thousand trees, and a place for drying coffee beans that have been picked from the trees where we saw 4 or 5 young female workers who were pouring coffee beans into sacks for shipment to Pakse.

Coffee from the Pakse region flows into Pakse and joins the Pakse market. The odor of coffee pervades the city. Everyone prefers to drink coffee over other local beverages. Thus it is fitting for Champasak to be the land of coffee that is receiving comprehensive and progressive development.

BRIEFS

KASI CORN CROP--In keeping with the Vientiane City and Province Party Committee's line of self-sufficiency in food production, the people of various villages affiliated with [Taaseng] Hin-ngon Canton, [Meuang] Kasi District, Vientiane Province organized and have started to plant secondary starchy crops such as corn. They have already planted 200 hectares. The people of Phachao village were exemplary in this; they planted 100 hectares of corn. This not only helps to improve the standard of living gradually but also provides raw material for the Tha Ngou animal food factory which allows for the expansion of animal husbandry by the people of Vientiane. [Text] [Vientiane VIENTIANE MAI in Lao 26 Apr 80 p 1] 8149

VIENTIANE, SARAVANE RICE HARVEST--After they had cared for the crops for 3 months until the beginning of April, the members of 82 agricultural cooperatives in [Meuang] Natsaifong District, the agricultural cooperative of Noh Khun Village, Sinattanak Canton and District, City of Vientiane, and the cooperative of Khamthong Village, [Taaseng] Khamthong Canton, [Meuang] Kiang Sedone District, Saravane Province quickly began to harvest their dry season rice and their intensive farming. Of the 1,252 hectares, Natsaifong had 1,200. Up to now, one-third of the total area has been harvested. This year's harvest has been good, especially in the intensive farming areas where they were able to get no less than 3 tons per hectare. [Text] [Vientiane VIENTIANE MAI in Lao 26 Apr 80 pp 1, 4] 8149-R

SAMKHAM RICE SALES--Starting early in April the people of various cantons affiliated with [Meuang] Samkham District, Vientiane Province gladly brought surplus rice to sell to the state. This totaled more than 60 tons. These sales of rice to the state are one way for the state to build up capital, and they bring in a good income for the family. [Text] [Vientiane VIENTIANE MAI in Lao 28 Apr 80 p 1] 8149

KOREA FILM SHOW--On 25 April 1980 the Embassy of the Democratic People's Republic of Korea put on a film show for the 48th anniversary of the founding of the People's Army of Korea. Those participating in the ceremony included Mr Ostana Chulanont, the deputy minister for education,

sports and religious affairs, Mr Son Khamvanyongsa, deputy minister for propaganda, information, culture and tourism, and a number of invited guests. [Text] [Vientiane VIENTIANE MAI in Lao 28 Apr 80 p 1] 8149

RELIEF FOR REFUGEES, DISASTER VICTIMS--In the first quarter of this year the Social Welfare Department of the city and province of Vientiane provided various goods to help drought victims and refugees returning from Thailand. These goods included: more than 67,100 kilograms of rice, more than 28,300 kilograms of salt, cans of milk, 1,250 tins of meat, 300 kilograms of butter, 1,037 blankets, 1,068 mosquito nets, 1,989 meters of cloth, more than 1,690 mats, 2,696 skirts of all types, 47 washcloths, 770 rice steamers, more than 1,170 stew pots, more than 1,690 stew bowls, more than 180 plates, more than 2,350 spoons, 930 metal pails, 100 basins, more than 460 shovels, 195 hatchets, 54 steel rakes, more than 310 hoes, more than 20 spades, and a number of kitchen knives and utensils. These goods are now in the hands of the people who suffered from natural disasters and refugees who have fled from Thailand. They are joyous and show their gratitude to the party and state. The party and state are always concerned and determined to help the people and improve their lives gradually until the situation is normal. [Text] [Vientiane VIENTIANE MAI in Lao 19 Apr 80 p 1] 8149

SAVANNAKHET FORESTRY WORK--In the first 3 months of this year the cadres and workers of [Mouang] Songkhon District, Savannakhet Province emulated to exploit wood to be used in building and improving homes in their area. During this period they got a total of 174 cubic meters of wood and of that 141 cubic meters was hardwood. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 29 Apr 80 p A2] 8149

COOPERATIVE TOTALS FOR LUANG PRABANG--In the whole of the Province of Luang Prabang there are up to 71 units of agricultural cooperatives comprising 3,872 families with 21,418 members cultivating 3,717 ha of rice paddies. Seasonal rice cultivation is in full swing presently in these agricultural cooperatives. [Text] [Vientiane BULLETIN QUOTIDIEN in French 4 Jun 80 p 3] 8696

DIPEK FILM SHOW--On the evening of 26 May, Mr Yun Chang-sup, ambassador of the Democratic People's Republic of Korea to Laos organized a film projection in the theater of Vientiane showing a film entitled "Of the Same Blood" in honor of the 25th anniversary of the founding of the Korean Residents Association in Japan (25/5/55 - 25/5/80). Before the projection the Ambassador gave a talk retracing the association's history. He also expressed his gratitude toward the party, the government and the people of Laos who constantly gave aid and support to the just struggle of the Korean people to achieve unity and to be master of their own destiny and he congratulated the Laotian people for all the successes achieved in the building of socialism. Let us note that on the evening of 24 May Mr Yun Chang-sup and his wife gave a reception for the same occasion within the precincts of the embassy, a reception attended by Mr Maysak Saysonphone, president of the Committee for support of the peaceful reunification of Korea and by high Laotian officials. [Text] Vientiane BULLETIN QUOTIDIEN in French 28 May 80 p 2] 8696

CHAMPASAK TRADE--The personnel of the Company Import-Export of the Province of Champasak recently bought more than 500 t of coffee and 3000 m³ of wood from the provincial service of Industry and Trade. This activity contributes to the restoration of the production basis of the country besides increasing goods for exportation. [Text] Vientiane BULLETIN QUOTIDIEN in French 28 May 80 p 3] 8696

LUANG PRABANG COOPERATIVES--The inhabitants of the community of Nambak, district of Oudomxai, province of Luang Prabang comprising 477 families with 2,910 persons recently organized themselves in 11 agricultural cooperative units cultivating 423 ha of rice fields with 443 traction animals and a fund of 11,210 kips. Presently there are in this district 19 units of agricultural cooperatives. [Text] Vientiane BULLETIN QUOTIDIEN in French 27 May 80 p 3] 8696

CHANTHABOULI CULTIVATION--The members of the agricultural cooperative and the farmers of the district of Chanthabouly, prefecture of Vientiane have sown and planted out seasonal rice over 870 ha, starting last month. [Text] [Vientiane BULLETIN QUOTIDIEN in French 20 May 80 p 8] 8696

ISLAMIC ECONOMIC SYSTEM TO BE INTEGRATED GRADUALLY

Islamabad THE MUSLIM in English 14 Jul 80 p 6

[Text]

KARACHI, July 13. O.M. Qureshi, Managing Director, Bankers' Equity Limited, said here today that the Islamic economic system was a part and parcel of the whole Islamic mode of life and it could not be practised in isolation with the Islamic values of life.

In his paper on 'Islamisation of Economy' read at a Seminar the most distinguishing feature of an Islamic economic system was 'Al-Ahl' which is not to be found in any of the current economic systems.

Presided over by the Chairman of the Association, A.R. Dadi, the Seminar covered Zakat and bank, interest-free banking, package introduced in the budget for 1980-81 and the instruments of fiscal monetary policy in an Islamic economic system. The paper was followed by a question-answer session.

Mr. Qureshi said his response on the premise that the Islamic

economic system would have to be re-shaped within the hard reality of the present socio-economic set up and the process of change would have to be gradual so as to facilitate smooth transformation from the existing system to the Islamic system.

He underscored the fact that there was neither a blueprint nor a working model of a total Islamic economic system. The bits and pieces of the Islamic reform would be meaningful only within the matrix of the Islamic economic system.

Summarising the thinking already done by the scholars in this field, Mr. Qureshi said there was a complete consensus among them that Islam was a complete system. The Islamic economic system, he said, aimed at achieving redistribution of income, maximisation of output, full employment and price stability through fiscal and monetary policies. It achieves a heavy redistribution of income through that levy of Zakat which is a compulsory levy on wealth, induces

greater output through the abolition of 'Riba,' creates full employment opportunities through its incentive system and ensures price stability by forbidding hoarding, speculation and monopolistic practices.

Mr. Qureshi, who is a member of the Committee set up by the Government on the introduction of interest free economy, said that Zakat lays down the foundation of an elaborate social security system in the economy. It was an irony of fate that all virtues of an Islamic economic system like social security, dignity of labour, equal status of men and women, system of prompt payment of wages, correct scales of measures etc., have been embodied by the Western world in their systems and is now an article of faith with them which they cherish proudly.

He said, greater irony is that even after the end of colonialism and gaining of independence, we are still bogged down and represent yet another manifestation of not even sparing the impact of Allah from being evaded. — AFP

EDITORIAL EXAMINES CAUSE OF CORRUPTION

Islamabad THE MUSLIM in English 14 Jul 80 p 4

[Editorial: "Why Corruption"]

[Text]

THE BRITISH talk of the weather when they have nothing else to say to each other. Here in this country, we talk of corruption. That's probably the reason why the British will never have better weather nor we a cleaner society. And if brevity be the soul of wit, we must be as close to being the most witless people on earth as makes no difference. We have come to the point where we feel that to waste more paper on corruption would itself be corrupt. No country has dismissed or otherwise punished more civil servants than Pakistan. After short periods of quiescence, however, the disease has reappeared, more malignant than before.

Pakistan is the best country in the world to live in if one knows the right people in the right places. The babu, the policeman on his beat, the school teacher, the doctor in a public hospital, the patwar, the lower category lawyer, the newsmen et al, have only one excuse for being corrupt - poverty. Those among us who are comparatively more honest than the others are generally either too timid or have fewer opportunities for fraud than the others. Take for instance the case of the salaried people. They pay taxes not because they want to but because government dues are realised from them at source.

All this is not to say that the corrupt never get caught. The smaller fry do pay for their sins. The FIA, for example, registered 162 cases against the wayward in May we are told by a recent handout from the Agency. Among them was just one gazetted officer, 28 non-gazetted birds and the rest were "private persons". The Punjab Governor in his first meet the Press reception in Lahore a few days ago, had devoted a great deal of his precious time and energy to the problem of corruption. He knew it was there in every walk of life but had felt that very little could be done about it under the present system. Antiquated laws, lengthy rules and procedures make it virtually impossible to get things

going. So, if we know that it is "The System" that is the root-cause of all evil that afflicts our society, what do we propose to change it?

Today, all of us are corrupt, some more, some less. This is so because our System operates on the principle of competitive private possession. We compete with each other for material benefits because we are afraid of the morrow. All of us want to put by something for the rainy day, for ourselves and for our children. Eliminate this fear and most of us will opt out of the rat race. If a man is assured gainful employment, if he is certain that his children's needs will be met even after his death, he will have a lot less reason to be corrupt than now. We cannot banish fear unless we banish poverty.

'MYTHS' ON POPULATION PLANNING REFUTED

Karachi DAWN in English 13 Jul 80 p 4

[Editorial: "Population Planning"]

[Text]

THE results of the World Fertility Survey show that 49 per cent of non-pregnant, married women in Pakistan upto the age of 49 years want no more children but only 8 per cent have used an efficient contraceptive method while less than half of these women know a source for family planning services. The findings of this survey should come as an eye-opener. In the first place it explodes the myth to which the failure of the population planning programme has been traditionally attributed, namely, that the people especially women, in Pakistan are not inclined to limit the size of their families. If this survey proves anything it is that sufficient family planning advisory facilities and birth control devices are not available in this country, especially to the less affluent and uneducated classes who are most in need of such services. True, a large number of people, especially in the rural areas and among

the urban poor, have yet to be motivated to adopt family planning measures. But the task of motivation cannot be effectively undertaken without the concurrent availability of counselling on family planning and the needed devices. That the state of affairs in both these areas of the population planning programme is to put it mildly, unsatisfactory cannot be stressed too much. The programme has been low down on the list of priorities, although it is now widely recognised that it should be incorporated in the development strategy if a country has to make all-round progress.

Unfortunately, the Government's expenditure on this extremely vital sector of development has registered a downward trend. For the year 1980-81 the Budget has allocated only Rs. 130 million to population planning when Rs. 69 million is to be provided in the form of assistance from

international agencies). In 1979-80, Rs. 200 million was initially budgeted for this purpose, but later cuts were applied and the amount was scaled down to Rs. 174 million, out of which nearly Rs. 89 million was actually spent until March 1980. Of this, Rs. 74 million came from the foreign aid component. In other words, the Government actually spent a paltry sum of Rs. 15 million from its own resources in 1979-80 (until March) on population planning. In view of the adverse effect a rapid population growth rate has on the economy and social services of a country so situated as Pakistan, this decline in official interest is rather surprising. Just a few years back the population planning programme had reached a peak and Rs. 202 million was spent on it in 1976-77. This emphasis on population planning has shown results in the shape of an increased popular awareness of its importance. But without the easy availability of the necessary counselling and guidance services, this increased consciousness cannot be capitalised upon. The deficiency has shown itself in the form of a marked

drop in the use of birth control devices as listed by the Pakistan Economic Survey.

It need hardly be pointed out that economic progress, literacy, an improved status for women and higher living standards automatically help to check the population growth rate of a country. But conversely, a rapidly growing population acts as a serious drag on economic development and social progress. It also adds to the burden of dependency on the employed section of the population and lowers living standards. That Pakistan has the dubious distinction of having a population growth rate which is among the highest in the world (something it shares with Egypt) should make us ponder. Many Third World countries have succeeded in bringing down their birth rate despite poverty and illiteracy. What is really needed is a concerted programme for population planning as an integral part of the strategy for development; otherwise we shall find ourselves in the unenviable situation Alice found herself in Lewis Carroll's "Through the Looking Glass" where "it takes all the running you can do, to keep in the same place".

MARCOS PREPARES REVAMPING OF APP, MINISTRIES, CABINET

Manila PHILIPPINES DAILY EXPRESS in English 7 Jul 80 pp 1, 6

[Text]

PRESIDENT MARCOS disclosed yesterday plans to reorganize ranking officials below the rank of Cabinet minister.

Such a revamp in the civil service, he said, will go with a similar shuffle among ranking military officers.

The President told newsmen that the moves are intended "to break in" a new crop of civil and military leaders who would carry on the tasks of development.

He pointed out that not all present economic and political leaders can continue in the service.

"All these efforts are in line with our present concern to establish a bridge to the future," the President said.

LAST MONTH, the President approved a plan to retire overstaying generals and civil servants.

This plan includes the training of lower-level officials who can immediately take over and maintain continuity in the service.

For example, the President said, the implementation of crucial

government projects like energy, financing and agriculture cannot be disrupted.

It is for this reason that lower-level officials in key areas are being trained so that they can immediately assume leadership should any of the ranking officials be replaced or retired.

THERE ARE also indications that the Cabinet will also be reorganized by the President soon.

He admitted that some of the members of his official family "want out."

Sources said that the President is now going over a list of names who will replace those who would want to get out of the government service.

Among those who informed the President of their desire to leave the government service are Health Minister Enrique Garcia and Public Highways Minister Vicente Paterno.

Sources said that there is a possibility that the President will announce the Cabinet revamp in his state of the nation speech at the opening of the third regular session of the Batasang Pambansa on July 28.

PRESIDENT MARCOS OUTLINES TAX SCHEME

Manila PHILIPPINES DAILY EXPRESS in English 3 Jul 80 pp 1, 6

[Article by Miguel Genoveva]

[Text]

TACLOBAN CITY, July 2 - President Marcos said today that he has ordered the reexamining of the government's tax collection structure and goals to finance the expected expenditures and priorities for the calendar year 1981.

In an interview with newsmen on board the presidential yacht "Ang Pangulo," the President said that he has sent inquiries to the National Tax Research Center, the National Economic and Development Authority and the Batasang Pambansa on how to increase tax collections.

The President pointed out that the government expects to meet next year's proposed national budget of P55.1 billion, which is P16.3 billion more than the present outlay, through additional taxes on luxury items like tobacco, wines and possibly beer, a new income tax scheme and proper tax collection.

IN 1979, the tax collections, which practically covers half of the government expenditures, amounted to P16.4 billion. This year the estimated collection is P19.6 billion.

With the proposed P55.1 billion budget in the next calendar year, the government tax collection goal should be P27.5 billion, or P7.9 billion more than the present tax collection.

Next year's budget, which the President described as "a bridge to

the future," will emphasize energy development in view of the deepening world economic crisis.

In the interview, the President expressed particular concern over the controversy in the proposed gross income scheme saying that he favors a simpler proposal.

THE PRESIDENT said he wants to know if it is true that under the new proposal, the lower ranking taxpayers, particularly those with fixed income, are going to pay more than the higher income taxpayers.

"That's the only question that I want answered. If they can answer that we'll know how to act," the President said.

The present income tax system is based on net income which is arrived at after exemptions and authorized deductions.

The gross income scheme, which is proposed by the Bureau of Internal Revenue and the National Tax Center, is based on gross earnings.

The new proposal is similar to the 3 percent tax imposed on retailers, business establishments, recreational facilities and similar entities.

THE NEW TAX proposal, contained in Cabinet Bill No. 34, is now under discussion in the Batasan. This proposal is being opposed by the Trade Union Congress of the Philippines, because the low income taxpayers will be greatly affected.

The president said one of the reasons why he has sent inquiries to agencies concerned is to get a clearer presentation of both sides.

"The way I look at it, we should spend more money, time and energy on collecting the taxes that are due," he said, adding that there are sectors of the economy which are not contributing properly to community requirements.

The President stayed up to the wee hours this morning to attend the aulito given the First Lady, Imelda R. Marcos, in their Olot beach house on the occasion of her birthday today.

As a birthday gift, the President gave the First Lady a semi-precious stone which he helped carved and recited a poem he personally composed.

CSO: 4220

MONEY STOCK DOWN TO 19 BILLION LAST MAY

Manila PHILIPPINES DAILY EXPRESS in English 4 Jul 80 p 9

[Article by George T. Nervez]

[Text]

THE continued decline in the annual growth rate of domestic credits - a direct result of the government's tight credit policy - pulled down money supply at end-May 1980 to P18.7 billion, a .6 percent or P114 million drop from the preceding month's level.

On an annual basis, the money supply last May increased by P1.38 billion or eight percent, way below the 15 percent benchmark.

The Central Bank reported that during the month credits extended by the CB to the private and public sectors declined substantially.

It added that during the month net domestic credits amounted to P82.56 billion, a contraction of P540 million or .7 percent from the previous month's level.

On an annual basis, domestic credits at end-May 1980 represented an increase of P12.3 billion or 17.6 percent. This was way below the 22.2 percent growth reported in April, 20.1 percent in March, 23.2 percent in February and 24.6 percent in January this year.

By source, credits granted by both the CB and the deposit money banks dropped mainly because of lower advancements by the public sector.

THE DECREASE in money supply during the month was due principally to the P164-million contraction in money of domestic origin which more than offset the P50 million expansion for those of external origin, the CB said.

During the month, the operations of the public sector (national government, local and semi-government entities), resulted in a P1.145-billion contraction in money supply.

On the other hand, operations of the private sector was expansionary by P981 million. Credit accommodations of the monetary system rose by P676 million as both marginal deposits and deposit substitutes went down by P30 million and P1,074 billion, respectively.

These expansionary movements were, however, partly offset by the increases of P658 million in savings and time deposits and P141 million in the net miscellaneous accounts of the banks.

...

THE external sector contributed P50 million to the money stream as foreign exchange assets went down by P253 million and foreign exchange liabilities by P303 million, the CB said.

By end-user, credits to the public sector went down by P1.2 billion or 8.9 percent to P12.395 billion mainly because of lower net availments from the CB and borrowings from the banks.

Credits to the private sector, grew by P676 million or one percent to P70.165 billion as accommodations from the banks expanded by P696 million or 1.1 percent while those from the CB contracted by P19 million or .4 percent.

By source, credits of the CB dropped by P265 million or 3.1 percent to P8.2 billion, mainly because of lower availments by the public and private sectors.

Credits of the banks, likewise, dropped by P275 million or .4 percent to P74.36 billion because of decreased borrowings in the public sector. This was partly offset by an expansion in borrowings of the private sector.

CSO: 4220

PHILGUARANTEE ASKED TO EASE REQUIREMENTS

Manila PHILIPPINES DAILY EXPRESS in English 30 Jun 80 p 16

[Article by Rosario A. Liquicia]

[Excerpt]

THE Philippines Export and Foreign Loan Guarantee Corp. (Philguarantee) should actively market its working capital guarantee scheme, reduce its fee for the guarantee it provides and forego the collaterals it currently asks from borrowers.

These were among the recommendations made by the recent International Trade Center (ITC) study mission in order to improve the existing export financing system in the country.

In a paper it prepared on export incentives and disincentives in the country, the ITC mission also urged the Central Bank to encourage more commercial banks to avail themselves of the existing (loan) guarantee scheme to increase the flow of funds to the export sector.

• • • •

THE ITC mission noted that

Philguarantee does not only charge an exorbitant guarantee fee, but also requires borrowers (beneficiaries of its guarantees) to provide collaterals for the guarantees it grants to cover their bank loans.

Under the current scheme, a borrower seeking guarantee from Philguarantee is required to provide collaterals equivalent to 30 percent of the amount sought to be guaranteed. The collaterals asked by PEFLGC are in addition to those provided by the borrower to the lending bank.

In its paper, the ITC mission asked that this procedure be scrapped and urged the PhFLGC to limit its concern to the lending banks.

The mission also asked the institution to reduce its guarantee fee, which now amounts to 1.5 percent of the amount guaranteed.

WITHDRAWN INVESTMENTS TOTAL 78 MILLION

Manila PHILIPPINES DAILY EXPRESS in English 1 Jul 80 p 16

[Text]

FOREIGN investments withdrawn from the country last month jumped to \$59.25 million, while direct foreign investments in local enterprises amounted to only \$11.93 million, according to Central Bank data.

The CB did not identify the institutions which withdrew their investments from the country. However, one of these could be the Bank of Nova Scotia which sold out from the Security Bank and Trust Co., a commercial bank. The sell-out may have been the main cause of the big increase in the investment withdrawal during the month.

Thus far, the CB said, a total of \$78.89 million foreign investments have been withdrawn from the country since the start of the year.

THE CB data also showed that capital for direct investment abroad amounted to \$2.4 million last May. For the first five months of the year, a total of \$30.07 million have been invested abroad.

On the other hand, direct foreign investments received by local enterprises amounted to \$11.93

million last May. This boosted direct foreign investments here to \$96.26 million for the five-month period, the CB said.

...

ACCORDING to the CB, a total of \$292.22 million worth of long-term and short-term capital funds flowed into the country last May. This consisted mostly of short-term loans of the private sector and short and long-term loans of the government.

On the other hand, a total of \$263.29 million worth of long and short-term funds were remitted abroad during the month, consisting of amortization on loans of the private and government sectors.

For the first five months of the year, a total of \$1.5 billion worth of funds flowed into the country. This consisted mostly of short-term loans of the government and the private sector used to finance oil importations.

During the same period, \$1.8 billion was paid abroad to amortize maturing short and long-term loans of both sectors, the CB said.

RP GETS 2 MILLION GRANT FROM UNDP

Manila PHILIPPINES DAILY EXPRESS in English 4 Jul 80 p 9

[Text]

THE GOVERNMENT and the UN Development Program launched yesterday the third phase of a joint project to speed up development of rural areas throughout the country.

Under the program, the government is to attract industries to diversify or relocate operations to the provinces.

The UNDP extended \$1.64 million (about P12.3 million) for the project over a two-year period to supplement government contributions amounting to P8.9 million.

Economic Planning Minister Gerardo P. Sicat and NEDA Deputy Director-General Manuel S. Alba signed the agreement on behalf of the Philippines, while Alain Morvan, acting UNDP resident representative signed for the UN agency.

Sicat noted that the UNDP has since April 1975 been involved in the regional development thrust of the government when the first grant amounting to \$826,698 was signed.

ANOTHER grant of \$1.6 million was made on July 21, 1977, to further strengthen the machinery for regional development planning and support the formulation of integrated development plans, which now serve as the blueprint for development in the different regions of the country.

CSO: 4220

NATION'S BALANCE OF PAYMENT POSITION IMPROVES

Manila PHILIPPINES DAILY EXPRESS in English 1 Jul 80 p 16

[Article by George T. Nervez]

[Text]

THE country's foreign exchange transactions last month resulted in a negligible \$40,000 deficit in the balance of payments (BOP), a significant improvement compared to a high \$200.7 million gap suffered in April 1980.

The Central Bank reported yesterday that gains made in invisible trade and net inflow of short-term capital pruned the \$84.66 million deficit suffered in the trade balance (exports less imports), resulting in the \$40,000 BOP deficit.

Exports during the month generated a total of \$425.06 million, while payments for imports amounted to \$509.72 million.

Non-merchandise trade (personal income of seamen, and contract workers, tourism and other services) showed a positive balance of \$28.27 million. Earnings amounted to \$176.51 million, while disbursements reached \$148.2 million, the CB said.

During the month, CB said, there was a net inflow of \$68.76 million of short-term capital, as \$209.46 million flowed into the country while the amount remitted abroad reached only \$140.70 million.

On the other hand, long-term capital flows showed a negative \$40.33 million, as \$123.09 million was remitted abroad, while only \$82.76 million worth of funds entered the country, the CB added.

...

THE CB data showed that from January to May 1980, the overall BOP deficit has already reached \$216.10 million. This is \$137.40 million or 39 percent less than the \$353.50 million registered in the same period last year.

For the same period, however, the deficit in merchandise trade reached a total of \$883.32 million, up \$128.71 million, or 19 percent over the \$674.61 million gap reported from January-May 1979, the CB said.

The reason for the large trade gap was the staggering \$2.8 billion import bill, which exceeded the \$2 billion generated from exports for the five-month period.

The data showed that export earnings during the period actually grew by \$581.66 million, an improvement of 41 percent over dollar revenues in January-May 1979.

THE CB said all major exports, with the exception of coconut oil and copra, showed significant increases in earnings.

Mineral products, led by copper, led all major export earners with total revenues of \$548.59 million from January to May 1980. Copper

concentrates brought in \$342.03 million, gold - \$86.33 million, nickel - \$62.55 million and others - \$57.68 million.

Non-traditional manufactures, as a group, was the second biggest dollar earner with revenues amounting to \$468.89 million. Garments remained the top earner in this group with \$120.7 million.

Export earnings of coconut products amounted to \$286.52 million, down \$86.80 million from the \$373.32 million generated in January to May 1979.

Coconut oil, suffering from a price decline abroad, brought in only \$188.91 million during the period, a \$69.53 million or 27 percent drop from the \$258.44 million earned in 1979.

CSO: 4220

PHILIPPINE-GERMAN TRADE HITS 649 MILLION

Manila PHILIPPINES DAILY EXPRESS in English 8 Jul 80 p 10

[Text]

ACCORDING to the Berlin-based Institute for Economic Research, Germany is one of the few countries in the industrialized world that adopt a highly liberalized trade outlook.

Since 1977, according to the institute, Germany incurred a deficit in trade with non-oil developing countries.

Last year, the deficit rose to 1.5 billion deutsche mark (about \$1 billion).

Among Germany imports, the most notable was the rise in the purchase of semi-processed and manufactured goods.

THE Philippines recorded a favorable balance of trade with Germany last year with an export surplus of nearly \$143 million.

Trade statistics showed that the Philippines exported a total of \$396 million worth of products to Germany. On the other hand, Philippine importers bought about \$253 million worth of products from German producers.

This reflects a liberal trade policy which is being pursued by the German government.

CSO: 4220

PAYMENTS DEFICITS DROPS TO 206 MILLION

Manila PHILIPPINES DAILY EXPRESS in English 10 Jul 80 p 12

[Article by George T. Nervez]

[Text]

THE ECONOMY bucked unfavorable international economic developments in the first semester this year resulting in a lower deficit in the balance of payments (BOP) compared to the same period in 1979, and bright prospects for increased domestic production for the rest of the year.

Central Bank Gov. Gregorio S. Licaros reported to President Marcos that during the first six months of 1980, overall foreign exchange transactions resulted in a deficit of only \$206 million, compared to \$395 million in January-June 1979.

The smaller BOP deficit, he said, was achieved despite a large gap in merchandise trade (exports minus imports) amounting to \$973 million, from only \$854 million, in 1979.

...

LICAROS explained that the wider gap in merchandise trade was caused by recessionary pressures in the country's traditional trading partners, and the higher import payments for essential producer goods and crude oil.

The adverse impact of a larger merchandise trade shortfall was, however, partly offset by the substantial net inflow of non-monetary capital (foreign loans).

Net inflow of non-monetary capital amounted to \$505 million, consisting mostly of short-term funds used to pay oil importations.

Licaros said that because of the improvement in the BOP picture, the country's International reserves went up to \$2.7 billion at the end of June 1980, up by \$289.5 million from the end-1979 level of \$2.4 billion.

...

OTHER significant developments during the first semester were:

- Total external debt outstanding amounted to \$11.049 billion, as of end-June 1980, up by \$1.27 billion or 13 percent from the end-1979 level of \$9.778 billion.

- Domestic credits amounted to P87.06 billion, an increase of 22.2 percent from the year-ago level. The bulk of the credits went to the private sector.

- Consumer prices surged from 12.9 percent during the first semester of 1979 to 20.2 percent in January-June 1980. However, there was a marked slowing down of price levels towards the close of the semester because of the reimposition of price controls.

- Estimates of the national government's cash operations for the period indicated a net deficit of P.5 billion because of higher expenses. Revenues expanded by 17.7 percent but this was not sufficient to match the growth of 27.1 percent in expenses.

- Government borrowings fell by 31.2 percent to only P1.1 billion during the period, compared to P1.6 billion in the first six months of 1979.

- Money supply reached P18.3 billion at end-June 1980, an increase of 71 percent due to the significant increase in money of internal origin, which grew by 36.4 percent.

- Domestic liquidity reached P59.1 billion or an annual increase of 12 percent as quasi-money consisting of time and savings deposits rose by

78.6 percent, even as deposit substitutes rose by 4.3 percent.

• • •

LICARCE said that despite the setbacks in merchandise trade, the country's export earnings showed encouraging signs from higher prices in sugar and its products, mineral products, fruits and vegetables and non-traditional manufactured and unmanufactured products.

Another bright aspect is that production for the rest of 1980 is projected to increase particularly in agriculture, mining and manufacturing.

Agriculture production indices for crop year 1980 improved from 5.6 percent to 6.7 percent, mining and quarrying climbed from 6.9 percent to 8.8 percent, while manufacturing increased from 4.3 percent to 4.5 percent.

MARCOS: WE CAN'T HOLD LINE LONGER

Manila PHILIPPINES DAILY EXPRESS in English 4 Jul 80 p 7

[Article by Miguel Genovea]

[Text]

TACLOBAN CITY, July 3

President Marcos said this morning that the government will try to "hold off" any new price increases on oil products, including gasoline, until later this month or early August.

In an interview with newsmen shortly before boarding the presidential yacht "Ang Pangulo," the President said that any increases, which will be across the board, will only be minimal.

The assurance was given by the President in the wake of the decision of the Organization of Petroleum Exporting Countries (OPEC) to implement the additional \$2 increase per barrel yesterday.

ANY INCREASE in oil products will be the third since August last year. The last oil increase in oil products took effect last Feb. 7 in which the price of gasoline increased by 50 percent and other "productive" oil products by only 36 percent or an average increase of 45 percent.

The present price of premium gasoline is P4.50 per liter, regular gasoline P4.30 per liter, diesel P2.40 per liter, fuel oil P1.53 per liter and kerosene P2.40 per liter.

In the Feb. 7 price increase, gasoline bore the greater portion of the burden of the additional cost because gasoline, the authorities said, is "a rich man's product."

This is the reason why the additional specific and special fund taxes were imposed only on gasoline, including aviation gasoline.

...

IF THE NEW price increase will be across the board, then increase on oil products will be uniform.

The new oil price increase in the world market will mean that the country's oil bill will also increase. This year's oil bill is projected to reach between \$2.1 billion to \$2.5 billion.

The country is only producing 18,000 barrels a day or 8 percent of its total requirements, which is 240,000 barrels daily.

...

THE PRESIDENT said he hoped to increase local oil production by next year to cover 20 percent of local requirements.

"That's a big dream but I think we can accomplish this if we really push it," the President said.

The President expressed concern over the new series of oil increases, saying that this will dislocate many economies, including that of the Philippines.

Oil strikes have already been made in Nido, Pandan, Matuloc and Cadiao, all off Palawan, but it is only Nido that is so far producing commercially.

The country has at the moment a 105-day oil reserve but the government has been digging deep into the reserve to prevent the immediate increase of oil products. The safe volume for reserve is 60 days, officials say.

TO REDUCE the country's dependence on oil, the President has taken

steps to accelerate the energy development program.

The President has ordered the revising of the national budget for 1981 to give priority to energy development.

He expects to raise about P30 billion to finance the energy program, the development schedule of which has been reduced from 15 to five years.

To be affected by the shift of government efforts to the energy program are infrastructure projects like public buildings, excluding school buildings, and highways.

Local sources of energy that will be developed under the program include geothermal, local oil, hydro, coal, alcohol and sisagwa.

The President and the First Lady, Imelda R. Marcos left today on the "Ang Pangulo" on their return trip to Manila, where they are expected to arrive early in the afternoon (Friday).

CSO: 4220

BIGGEST BUDGET SHARE TO ENERGY

Manila PHILIPPINES DAILY EXPRESS in English 2 Jul 80 pp 1, 6

[Article by Miguel Genovea]

[Text]

TACLOBAN CITY, July 1. —

Non-essential appropriations will be removed from the proposed P55.1-billion national budget for 1981 to help forestall problems expected to crop up in the future.

Budgetary appropriations of all ministries will also be reduced to provide more funds for the government's accelerated energy development program.

This policy decision was announced today by President Marcos in an interview with Malacahang newsmen on board the presidential yacht *Ang Pangulo*.

...

EXPRESSING concern on the worsening world economic crisis spawned by the rising cost of crude oil, the President said that it is necessary to reverse the administration's previous policy to give premium to energy development.

The President said that the Ministry of Energy will be given the biggest appropriations in the proposed national budget.

In the past, the ministries which were given the lion's share in the budget were the ministries of education, defense and public highways in that order.

In the P39.8-billion national budget for 1980, the Ministry of Energy got P82.713 million while the Ministry of Defense had P5.683 billion, Ministry of Education and Culture, P3.414 billion, and Ministry of Public Highways, P2.49 billion.

THE PRESIDENT assured, however, that the rewriting of the national budget will not affect the momentum of the economic productivity campaign.

He said that he has been working on the budget since yesterday and on how it could be worked out so that the productivity campaign will not be affected under the new policy.

To be slashed from the proposed national budget, the President said, are non-essential items, including lump-sum continuing and unusual supply procurement appropriations.

The President said that he described the proposed budget for next year as a "bridge to the future" because starting this year "we are going to solve problems that actually belong to the future."

...

AMONG THE problems of the future mentioned by the President are energy, financing, budgeting, and agriculture.

"What will happen to us in the future? Not all the members of the present political and economic leadership can continue. They now have to train a new generation of leaders," the President said.

The new budgetary proposal was submitted to the President by the Ministry of Budget for his review prior to the submission of the Appropriation Act to the Batasang Pambansa, which convenes on July 28 for its third session. The proposal is P16.3 billion more than the present budget.

The President said the first agency to be affected by the reduction of appropriations of the ministries will be the Office of the President.

Also affected are the ministries of public highways, defense and education.

THE PRESIDENT said that he will suspend action on what to do with the defense budget until he has met with the military council and the AFP chief of staff.

He, however, assured that all the budgetary cuts will not affect the momentum of production and the construction of the necessary infrastructure like multi-purpose dams and farm-to-market roads.

"We will have to sacrifice somehow and there is no avoiding it," the President said.

The new policy, the President explained, does not necessarily mean that all funds will be transferred to energy development. Only funds that can be absorbed by the Ministry of Energy will be transferred, he said.

CSO: 4220

MINI-POWER SCHEDULE ASKED TO BE ACCELERATED

Manila PHILIPPINES DAILY EXPRESS in English 1 Jul 80 p 1

[Article by Miguel Genovea]

[Text]

TOLOSA, Leyte, June 30 - President Marcos said this morning that the government will immediately develop mini-hydro power as a secondary source of energy.

The President said that the development of mini-hydro plants will greatly help reduce the country's oil consumption, particularly in the countryside.

In an interview with newsmen at the First Couple's beachhouse in Olot here, the President expressed grave concern over a new round of oil price increases this July which, he said, will dislocate many economies, including that of the Philippines.

THE COUNTRY, the President explained, has been "cutting into its 105-day oil reserve" to prevent the increase in prices and maintain the supply.

In view of the additional \$2 increase in the price of oil by some members of the Organization of Petroleum Exporting Countries, the President had ordered the acceleration of the government's energy program from 15 to five years to reduce the country's dependence on oil.

The amount involved in the accelerated energy program, including foreign loans, will be P30 billion, the President said.

The program includes the development of oil, geothermal, coal and other non-oil sources, as well as alcohol and alcopas.

MINI-HYDRO power will be used initially in lighting rural areas, the President said.

To accelerate the development of mini-hydros, the President said that the mini-hydro experiment has been cut short and the authorities concerned told to report on the project.

He also said that the government will enter into contracts with the Germans and the Chinese for the manufacture of mini-hydros.

The President said that the advantage of the mini-hydro is that it uses the even flow of water instead of its fall. There is, therefore, no need to change the level of the water to be harnessed for the purpose.

THE PRESIDENT also told newsmen that he has ordered energy officials to check if the development of many geothermal units may cause ecological imbalance as reported by some technical men.

The President cited Leyte, where there are many geothermal discoveries. These are in Tongonan, Borwin, San Juan and Liug.

PHILIPPINES

FINNISH GROUP EYES PAPER MILL PROJECT

Manila PHILIPPINES DAILY EXPRESS in English 8 Jul 80 p 9

[Text] A group of Finnish businessmen who visited the Philippines recently expressed their desire to set up a thermo-power plant in Batangas and a papermill in Manila, the bureau of foreign trade said.

The group also wanted to invest in the copper smelter plant which the government plans to establish in Leyte.

The bureau of foreign trade said the Finnish investors were looking for local partners.

The visitors, headed by Finnish Minister R. Rekola, came over to look the possibility of improving the trade relations between the Philippines and Finland.

The visitors also followed up earlier negotiations with the Davao Copper mine for the establishment of a mining project and a forestry nursery.

During their stay here, the visitors concluded with the ministry of agriculture negotiations for the launching of a feasibility study on the dairy industry by Finnish dairy experts.

In proposing the establishment of a papermill here, the Finnish delegation said the plant could supply the pulp and paper requirements of local paper mills.

In 1979, P1.57 million worth of pulp, waste paper and paper board were imported by the Philippines from Finland, the bureau said. (PNA)

CSO: 4220

PHILIPPINES

LIBYA TO HIRE 5,000 RP WORKERS

Manila PHILIPPINES DAILY EXPRESS in English 5 Jul 80 p 2

[Text] A large-scale recruitment of Filipino workers by Libya that could reach 5,000 by year-end is now being undertaken under government arrangement with the Overseas Employment Development Board.

OEDB Executive Director Salvador P. Bigay said that the Libyan recruitment implements the "agenda of cooperation," that was formalized in Tripoli last year between Labor Minister Blas P. Ople and his Libyan counterpart, Minister Mohammed El-Mabruk.

An 11-man Libyan inter-ministry delegation from Tripoli was in Manila recently for two weeks ironing out the kinks in the massive Libyan recruitment activity.

Headed by Salem Khalifa Abu-Showfa, director general of training in the General People's Committee of Public Services (the equivalent of MOLE), the Libyan delegation met for business discussions with a 12-man Philippine inter-ministry panel headed by Bigay.

As part of their business discussions, the Libyan panel signed a recruitment order for 669 communications technicians, 302 various engineering professionals, 270 farm workers and agricultural technicians, and 159 fishery workers.

"All the hirings are being done by government ministries in Libya," said Bigay. "But we expect additional recruitment orders from their private sector, too."

A component of the Libyan delegation is in fact still in Manila interviewing workers for poultry and animal farming.

LAST MONTH, the Libyan ministry of health offered jobs to some 800 Filipino medical technicians.

Bigay said the Libyan recruitment will be participated in by both government and the private employment agency and construction contractor sectors.

Aside from construction workers who are working with Filipino construction contractors in Libya, there are at present more than 1,500 Filipinos working in hospitals, petroleum plants, and communications facilities in Libya.

Bigay said the OEDB has asked the Libyan government to improve the employment terms and working conditions being offered to Filipino workers.

"It would seem to us that the Libyan government is convinced of the quality and skill of the Filipino worker as shown by the increasing demand for their employment in Libya," Bigay added.

CSO: 4220

SMELTER EXPECTED TO GENERATE 2 BILLION FOREIGN SAVINGS

Manila PHILIPPINES DAILY EXPRESS in English 5 Jul 80 p 1

[Text] The copper smelter project is expected to generate net foreign exchange savings totalling \$1.6 billion over a 16-year period starting in 1983, according to a financial study prepared for Philippine Associated Smelting and Refining Corp. (PASAR), owner of the smelter.

The study says that PASAR will realize its biggest net foreign exchange savings of almost \$200 million in 1999.

Initially, however, the firm's net foreign exchange savings will amount to only \$30 million during its first year of operations in 1983.

As computed, foreign exchange savings are net of imported raw material requirements and debt service amortizations.

The copper smelter is one of 11 major industrial projects which the Philippine government hopes to undertake in the next few years at a cost of about \$6 billion.

The smelter is already undergoing construction in Leyte and so far is the most advanced among the major industrial projects planned by the government.

PASAR, which owns the smelter will be owned 32 percent by a Japanese group 63 percent by the Philippine government and local mining firms, and 5 percent by the International Finance Corp., an affiliate of the World Bank.

The Japanese equity holders in the project are Marubeni, which is also the contractor of the smelter, Sumitomo Corp. and C. Itoh & Co.

The Japanese firms also agreed to market about 75 percent of the smelter's production for which they are to receive sales commissions.

CSO: 4220

FIRST LADY FORMS MINDANAO ACTION GROUPS

Manila PHILIPPINES DAILY EXPRESS in English 6 Jul 80 pp 1, 6

[Text]

THE FIRST LADY, Imelda Romualdez Marcos, chairman of the Southern Philippines Development Administration, organized yesterday the legislators and local officials of Mindanao into an action group that will monitor the development projects in each of the four regions of Mindanao.

In two separate meetings in Malacanang, the First Lady met with assemblymen, governors and mayors of Regions 10 and 11. She will meet with the local officials of the two other regions, 9 and 12, today.

The selection of action officers for each of the regions of Mindanao is aimed at systematizing the delivery of the 11 basic needs as well as the six auxiliary services in the different communities of Mindanao.

Mrs. Marcos said that with an action officer taking charge of the delivery of each of the basic needs of the community essential to its development, it will be easier to pinpoint responsibility and follow up on the progress of the work done in specific areas of concern.

THE ACTION officers were selected in advance by the local officials to make sure that those chosen are qualified in the specific line of work in which they will be

assigned. However, elected viva-voce by the group at the meeting was the over-all coordinator who will be responsible in seeing to it that all the different projects of the action officers are in consonance with the priority needs of the particular region. He shall be directly responsible to the First Lady.

The First Lady also appointed two additional directors for the SPDA and swore them into office:

They are South Cotabato Governor Sergio Morales and Deputy Budget Minister Manuel Alba.

...

THE FIRST LADY also gave the following guidelines in the delivery of the basic needs of a community:

- For each basic need such as food, there should be sources of food on the provincial, regional, and local levels. For instance, she said, 1,000 hectares of land is planted to food products on the regional level.

- In the provincial level, there should be a similar area planted to farm products; and on the barangay level, backyard gardening. This also goes for industries wherein a region will have a major industry, a medium-scale industry, and a cottage industry.

- To interest people in the development of their respective regions, they should be made to understand their rich cultural heritage which will make them take pride in themselves as a people and as residents of their communities.

Thus, the First Lady commissioned Dr. Manuel Alba to work on a book about the land and the people of Mindanao where they will learn of their ancestors, their part in Philippine history, and the significant contributions they are making in the nation's development. Deadline for the completion of the book is before September 21.

• The entry point to development should be the different festivals in each region because the First Lady said that it is during these annual festivities that people suddenly realize that they have to do something about beautifying their communities because of the many people who will frequent the place.

The First Lady cited as example Leyte wherein the townspeople volunteered to repair roads, paint their houses, and landscape the parks in preparation for the Santo Nino fiesta.

The First Lady appointed Gen. Antonio Venadas to look into the different festivals of the regions and time the development projects as a preparation for the annual festivities. These festivities usually start after the Ramadan or the Muslims' period of fasting.

OVER-ALL coordinator of Region X is Assemblyman Antonio Tupas. Action officers are: Immanuel Pelaez, justice;

Carlos Fortich, water; Gov. Constantino Navarro, power; Gov. Concordio Diel, economic base; Henry Regalado, mobility; Gov. Jose Neri, medical services; Gov. Consuelo Calo, food; Gov. Valentina Plaza, Ladies Auxiliary Brigade; Mayor Pedrito Carmona, youth; Vice-Gov. Fernando Pacani Jr., volunteer; Vice-Governor Rogelio Rosales, disaster; Mayor Antonio Tan, clothing; City Mayor Figurado Plaza, education; Gov. Fortunato Sagrado, sports and recreation; Gov. Rolando Geotina, ecological base; City Mayor Mike Padaranga, shelter; and Mayor Constantino Navarro, tanod.

OVER-ALL coordinator of Region II is Assemblyman Rodolfo del Rosario. Action officers are: Assemblyman Alejandro Almendras, shelter; Benjamin Bautista, ecological base; Rodolfo del Rosario, mobility; Manuel Garcia, water; Teodoro Gil Palma, education; Jose Puyat, power; Jorge Royega, medical services; Felicidad Santos, women's auxiliary; Rogelio Sarmiento, ecological base; Jose Sison, clothing and cottage industry; Gov. Gregorio Dujali, food; Gov. Francisco Rahat, sports and recreation; Gov. Nonito Llanos Sr., disaster; Gov. Sergio Morales, justice; Gov. Gregorio Murillo, volunteer; Mayor Luis Santos, tanod; and Mayor Antonio Acharon, youth.

CSO: 4220

ARMED FORCES STEP UP 14 PROJECTS IN SAMAR

Manila PHILIPPINES DAILY EXPRESS in English 7 Jul 80 p 15

[Text]

DEPUTY Defense Minister Jose M. Crisol has directed armed forces engineers to step up the completion of various government projects in Samar and Leyte.

There are at present 14 government projects being undertaken by army and naval engineers in the area, Crisol said.

Three of the projects have been completed. These are the Gamay Emergency Hospital and the Artoche Station Hospital in Samar which were constructed by naval engineers.

Army engineers have also finished the extension of the Picardo airport in Dolores, eastern Samar.

Other on-going projects by military engineers are:

- Improvement of the Catarman airport.
- Extension of the Borongan airstrip.
- Construction of a warehouse of the National Grains Authority in Oras, eastern Samar with a capacity of 30,000 cavans.
- Construction of a 69 KV transmission line in Samar.
- Construction of various school houses, wells, springs, health stations, and irrigation systems in Leyte and Samar.
- Construction of earth dams.
- Rice-farming demonstration.
- Fish culture - tuna and bangus - and construction of plant nursery stations.

LOCATION OF SUGAR MILLS MAPPED

Manila PHILIPPINES DAILY EXPRESS in English 11 Jul 80 p 22

[Text]

LOCATION MAP OF THE PHILIPPINE
SUGAR MILLS

Luzon

1. LUBAYAN SUGAR CO.
2. HIND SUGAR CO.
3. PANGLOSS SUGAR MILL, INC.
4. CENTRAL AGRI-CULTURAL DE TAPALAC
5. PANGLOSS SUGAR CO. INC.
6. CENTRAL AGRI-CULTURAL DE TAPALAC
7. NATIONAL SUGAR CO. INC. (PANGLOSS)
8. LUBAYAN SUGAR CO.
9. CENTRAL AGRI-CULTURAL DE TAPALAC
10. NATIONAL SUGAR CO. INC.
11. LUBAYAN SUGAR CO.

Visayas

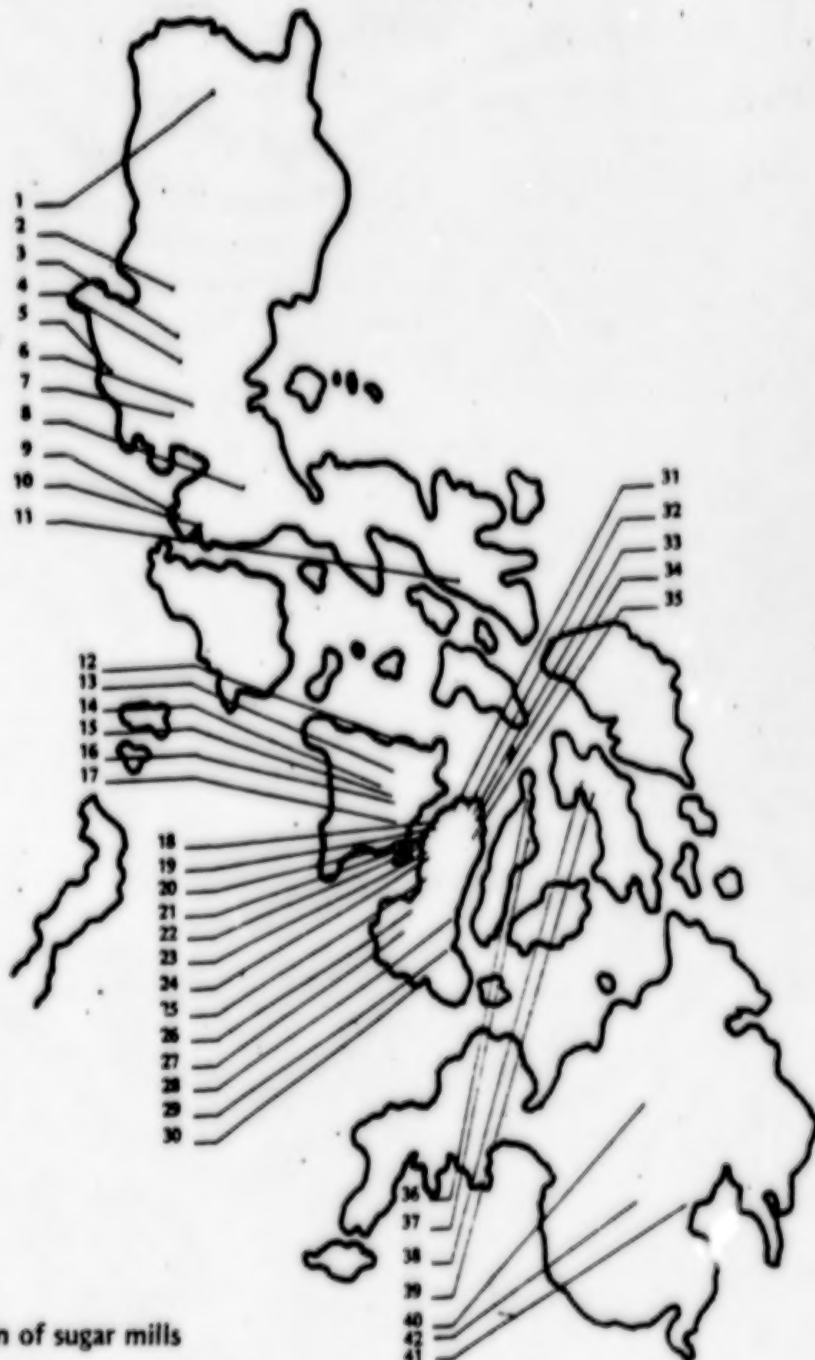
12. CENTRAL AGRI-CULTURAL DE TAPALAC
13. NATIONAL SUGAR CO. INC.
14. LUBAYAN SUGAR CO.
15. PANGLOSS SUGAR CO.
16. NATIONAL SUGAR CO. INC.
17. CENTRAL AGRI-CULTURAL DE TAPALAC

Mindanao

18. LUBAYAN SUGAR CO.
19. NATIONAL SUGAR CO. INC.
20. CENTRAL AGRI-CULTURAL DE TAPALAC
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Other Mills

36. LUBAYAN SUGAR CO.
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100. CENTRAL AGRI-CULTURAL DE TAPALAC



Map showing the location of sugar mills
all over the Philippines.

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DATE FILMED**

August 24, 1980

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